

THE DEPARTMENT OF STATE BULLETIN

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The Problem of German Political Revival

Article by LEON W. FULLER

SINCE the end of the war with Germany nearly a year ago, the concern of the Allied governments over the political status of the defeated nation has steadily increased. Owing to the irrational and last-ditch resistance of the Nazi regime, the war resulted in the total disintegration of Germany's political structure and left the victors in full possession of a nation without a government or any vestige of organized political life. The Allies were thus confronted with the twofold task of destroying the remnants of the Nazi-militarist system and of assuring the development of a regime of peaceful and democratic character in its place.

The positive political objective of the United States and its major associates for Germany is (as stated in JCS 1067¹ and the Potsdam agreement of August 2, 1945²) to give the German people opportunity for the reconstruction of their political life on a peaceful and democratic basis. This will involve the complete eradication of the Nazi Party, institutions, creed, and influence and the gradual reorganization of a decentralized political structure grounded on local autonomy and responsibility. Representative and elective principles are to be introduced into local, regional, and State administration. No central government is planned for the near future but certain central administrative departments governing finance, economy, and transport are to be set up under the direction of the Control Council. Democratic political parties are to be allowed and encouraged throughout Germany.

The reactivation and reformation of the political life of any defeated nation by the victors would be a task of immense difficulty; it is all the more formidable in dealing with a people of advanced cultural development and strong nationalist sentiments. The complete collapse of the Nazi totali-

tarian state has left a heritage of political bankruptcy, all the more complete because of the systematic liquidation by the Nazis during their 12 years of power of the progressive political forces within Germany. Survivors of this process are mainly in the advanced-age groups; many of them have little to offer except a return to the system which proved inadequate to stem the Nazi tide. Youth and early-middle-age groups have been subject to miseducation which has either perverted their political concepts or, with the Nazi debacle, left them disillusioned and apathetic. Adult Germans now have the vivid recollection of the failure of three successive regimes of different character—imperial, republican, and Nazi—and there is a general disinclination to undertake further political ventures.

German historic development has not been such as to foster constructive political habits. There is no long tradition of local self-government or individualistic self-reliance, as in Britain or America. Germany has not, in modern times, experienced a genuine political revolution which might have shaken off the hold of the traditional ruling class upon the institutional and ethical pattern of the state. The dynastic heritage, although discredited in 1918, was merely supplanted by the equally sinister inheritance of the military caste and its Junker and plutocratic associates. There has not even been a genuine democratic interlude. The Nazi triumph was rather a reaction than a revolution and sundered Germany still further from the enlightened thought of the West. It intensified certain anachronisms in German politi-

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¹ BULLETIN of Oct. 7, 1945, p. 515, and Oct. 21, 1945, p. 596.

² BULLETIN of Aug. 5, 1945, p. 153.

cal thinking: the feudalistic loyalty of the subject to his ruler, the sense of duty and unquestioning obedience, the notion of tribal-national superiority, and veneration for the state as a supramoral instrument of power.

In the political void of present-day Germany there is an imminent danger of the revival of anti-democratic and nationalistic attitudes, partly as a natural reaction against the occupation, but in large measure due to the absence of any strong liberal tradition. Many Germans instinctively disclaim responsibility for the misdeeds of the Nazi regime, having never accepted or even grasped the truism that a nation generally gets the kind of government it deserves. Even "democratic" Germans are inclined to seek salvation in new leaders and a strong government rather than in the slower evolution of democratic processes. It is significant that Germans condemn the war-crimes defendants at Nürnberg less for their offenses against other peoples and against humanity than for their having led the German people to disaster. The reopening of the universities has been the occasion for numerous nationalistic demonstrations, led by the deeply indoctrinated ex-members of the Hitler Youth and of the army. Denazification procedures give rise to an ever-increasing group of "declassified" persons who form a disaffected bloc. There are many persons—older officials, intellectuals, business and professional groups, churchmen—for whom status and prestige have always been associated with an authoritarian regime. They do not become ready converts to democracy. Even the new parties and trade-union organizations tend to follow authoritarian patterns; the leaders and the hierarchy of officialdom tend to outweigh the autonomous role of the individual member.

The democratization of Germany is further complicated by the zonal divisions, in each of which the occupying power is virtually sovereign. In spite of tripartite agreement at Potsdam on basic principles and some measure of four-power coordination of political policies for Germany, there are marked differences in the policies now being pursued in the various zones. A decision as to whether a unitary German government will be permitted to emerge, or whether a drastic decentralization will be imposed, waits upon an adjustment of the special interests of the occupying powers in Germany and the course of German political revival within the zones. As after World

War I, separatist movements have appeared in some strength, notably in the west and south, but these seem unlikely to command any considerable popular following. Germany, at the present stage, seems most likely to develop as a federal union, shorn of substantial border areas, without the hegemony of Prussia, which has been dissolved into its components by the course of events, and with a central regime strong enough to achieve only a minimum coordination of the states along economic lines.

Underlying the problem is always the economic dilemma. Germany is of necessity on restricted rations because of her general economic collapse and the prevalent world food shortage. Her economic situation is further complicated by Allied demilitarization and reparations policies which call for destruction or removal of specified industrial equipment and limit future production in various fields. In addition, there is the war-wrought destruction of industrial establishments and of transport to consider. Political revival must occur, then, amid exceedingly trying economic circumstances which may prove unfavorable to the inculcation of democratic ideas and may incline Germans again to seek recourse to authoritarian government as a panacea for economic ills.

American policy has recognized the fact that political reconstruction in Germany cannot consist in the restoration of any earlier regime or of preexisting forms or modes of political behavior, since even the partial democracy of the Weimar republic never struck deep roots in German consciousness. As yet few constructive political ideas have emerged from the general chaos. Hence, it is the aim of this Government to facilitate and encourage the indigenous revival of sound political elements within the population in such manner as to establish the foundations of a free and democratic political life, while eradicating those noxious forces of militarism and reaction which have so often in the past made Germany a menace to the world. It is considered that this can best be done by permitting the Germans to gain experience in the conduct of local affairs—local government, trade unions, church organizations, schools, the press—and gradually to build upon the experience thus gained to assume authority and responsibility at higher levels.

This "grass-roots" approach is considered sound

because of German lack of experience in self-government at any level higher than the local community and because it will tend to accustom the Germans to the exercise of authority combined with assumption of responsibility by the people directly at local functional levels, and thus counteract the traditional acceptance of authority imposed from above by a hierarchy of leaders and officials. It is also in accord with the requirement that Germany be decentralized sufficiently to avoid any dangerous concentration of political or economic power in the future. It will permit a natural development of indigenous political life under Allied tutelage but without superimposing an alien pattern of government unsuited to the Germans. Nor will it dictate the kind of economic system which must emerge.

In the United States zone, reactivation of political life has progressed by stages. During the early months of occupation, security reasons dictated rigorous restraints upon freedom of speech and of the press, assembly, party, and trade-union activity. These restraints were relaxed in August 1945, and thenceforth party organization and activity on a local basis was authorized. Trade unions and shop councils were permitted on the basis of free elections. Local German administrative agencies (*Kreis, Gemeinde*), purged of active Nazis or Nazi sympathizers, were reconstituted. As conditions of the occupation became more stable, German administration was created at the district (*Regierungsbezirk*) and state (*Land*) levels. All German officials were appointed by the Allied Military Government after screening to insure their political reliability. Germans exercised, as yet, no popular control, but representative individuals were often consulted in an advisory capacity.

By September a German *Land* administration had been appointed for Bavaria; subsequently, North Württemberg-Baden was given a *Land* organization, and the former *Land* of Hesse and province of Hesse-Nassau were combined in a new *Land* of Greater Hesse. There is no central zonal administration. Policy aims at Reich decentralization by centering German control in substantial units, identical in whole or in part with former German *Länder* or formed by amalgamation of smaller states or provinces. The three new *Länder* have developed a considerable degree of autonomy

but in strict subordination to the supervision and direction of military government.

In October there was created a Council of Ministers president of the three *Länder*, meeting monthly and with a permanent secretariat located at Stuttgart. The Council has been effective in coordinating policies especially in economic matters. It operates in close conjunction with regional military-government officials. The scope of its work has steadily enlarged and it has been commended for its work by Generals McNarney and Clay. It has lately become at times an agency of collaboration between German officials of both the United States and British zones.

Although in November parties were authorized on a state-wide basis, formal party organizations in the United States zone have remained local for the most part. Yet here, as in the other zones, a fairly definite pattern of party activity has gradually emerged. Disregarding the many "splinter" groups, ranging from Monarchist-clerical to Leftist-radical in nature, there may be noted four principal parties in the new Germany. They are:

1. The Communist Party

Communists, while not numerous, are aggressive and closely organized. Particularly in Berlin and the Soviet zone they exercise influential leadership, backed not always covertly by the Soviet authorities. They promote a Soviet-inspired program of radical socio-economic reform, involving the eradication of the old Junker, militarist, and industrial ruling elements, land reform in the interest of the small peasants, and socialization of wide sectors of the economy. They emerged from the underground resistance and seek to keep alive the "anti-Fascist" tradition of solidarity of all democratic and worker groups. In the east they tend to dominate the four-party bloc; in all areas they now urge fusion with the Socialists in a unified workers' party. Their chief strength resides in urban labor and they have won control of many trade unions and shop councils, the latter a convenient device for gaining control over industrial establishments. Their leaders are often youthful and energetic. They seek to foster the political education of the masses and view themselves as the party of the future. Their ultimate goal is the conquest of political and economic power by the masses.

2. The Socialist Party

The Socialists, heirs of the former Social Democratic Party, adhere to the orthodox pre-Hitler program of gradualism but share the Marxist objectives of the Communists. They represent the more conservative wing of labor; their leaders are largely veteran party or trade-union officials. They favor collaboration with the Communists for common ends but, at least in the western zones, prefer to retain their separate party identity; in the Soviet zone it seems probable that fusion with the Communists in a United Socialist Party will soon be effected. Socialists generally might be induced to accept a merger if effected on a nation-wide basis, hoping, because of their numerical superiority, to control a national union of the two workers' groups. They advance a program of agrarian reform and socialization but are insistent that reform be achieved through democratic processes. They are less intransigent than the Communists toward bourgeois groups, with whom they cooperate closely in western and southern Germany.

3. The Christian Democratic (or Social) Union

The CDU (CSU in Bavaria) embraces largely the following of the former Catholic Center and Bavarian People's Parties but is seeking a broader, non-sectarian basis, with some appeal to worker groups. Its chief support is from middle-class, clerical, and peasant elements and, to some degree, from moderate labor groups. Leadership is conservative and stresses German revival on the basis of Christian individualism and morality. It opposes complete socialization but would accept a limited program of state ownership and control of certain sectors of economic life which are clearly in the public interest. Business elements lend some support, although fearful of socializing tendencies. In Bavaria the CSU is divided into a Right wing (headed by Schaeffer, former Minister President under military government) and a Left wing under Mueller. In the Soviet zone the CDU has had difficulty with the Soviet authorities, mainly because of its lack of enthusiasm for land reform and other radical proposals.

4. The Liberal Democratic Party

This is the most conservative group, weak numerically and in influence, and represents mainly

the business and propertied classes. It attracts the following of the former Democratic and German People's Parties. It seeks to defend property and private enterprise against the Leftist groups. It favors restoration of a strong state authority and a non-partisan professional bureaucracy. This group seems to have become to some degree a refuge for surviving bourgeois-nationalist forces.

The Potsdam agreement of August 2, 1945 prescribed the early restoration of local self-government "on democratic principles and in particular through elective councils". American authorities took the initiative in this matter and scheduled local elections in their zone (in communities under 20,000 population) for January 20 and 27, 1946. Against the advice of most German political leaders and in the face of wide-spread popular apathy, elections were held for town councilors in the smaller *Gemeinden* and for mayors in some communities. Although party organization, especially in the rural areas, was very incomplete and only on a local basis and no clear-cut partisan issues were involved, the results do give a clue to party preference in the areas concerned. The percentage of qualified voters (active Nazis and their sympathizers were excluded) who participated was remarkably large, ranging from 83 to 89 percent in the various districts. The following table indicates the percentage distribution of votes among the parties excluding invalid ballots:³

State	Communist	Socialist	CDU (or CSU)	Liberal Democrat	Minor parties or independents
Bavaria.....	2.5	17.2	44.2	1.1	35
North Württemberg..	2.8	15.7	20	7.5	50
North Baden.....	6	30	56	5.3	2.6
Greater Hesse.....	6.1	44.3	31.3	2.2	16

The most striking results of the elections were the decisive victory of the CDU in North Baden and the large pluralities of the CSU in Bavaria and of the Socialists in Greater Hesse. The results in North Württemberg fail to give a clear picture of party affiliations because there the electoral law permitted "scratching" of lists and hence encour-

³ Although North Württemberg-Baden constitutes a single *Land*, the two districts voted under slightly different regulations and their votes were tabulated separately.

aged independent voting. Also, in many communities, especially in Bavaria, there were no competing lists, the election going by default to the single list offered, generally CSU. The results, although indicating that Socialists and Christian Democrats (or Christian Socialists) loom as the two major contenders for power, cannot be judged as representative of relative political strength throughout the United States zone, as only the more conservative rural areas were included in this first poll. Plans for future elections during 1946 in the United States zone are as follows:

For larger towns and rural counties (*Landkreise*), April 28.

For cities (*Stadtkreise*), May 26.

For *Land* constitutional conventions, June 30.

Popular vote on state constitutions and election of *Land* diets and officials, by November 3.

It is planned that constitutional conventions, chosen by popular election, shall meet in the respective *Länder* to frame permanent constitutions during the summer. Draft constitutions are to be submitted to the occupation authorities for approval by September 15. Thus by the end of 1946 it is anticipated that permanent and representative governments will have been established in each state in the United States zone.

No elections have been held to date in other zones, but it seems likely that at least local elections will occur in the British and Soviet zones sometime this year.

American policy is to devolve administrative responsibility as rapidly as possible upon German officials and governmental organs, which progressively will become more representative of the electorate. Military government since January 1, 1946, has operated independently of the tactical command; since April 1 it has centered in Berlin rather than at Frankfurt, its earlier zonal headquarters. There is no intent to relax the supervisory role of the occupation authorities, and German administration will be subject to control at all points.

Present policy is to transfer administration to the Germans at as early a stage as is feasible without waiting until programs of denazification, demilitarization, and reeducation are completely achieved. This policy is in accord with the accepted principle that Germans can learn the art of self-government only by practicing it, and that

a reconstructed German state cannot be created by the occupying powers but must develop from the activity of Germans carefully selected for their anti-Nazi and democratic convictions and working in an atmosphere of increasing freedom and direct responsibility to the German people.

It is an inevitable draw-back of zonal administration that the application even of agreed principles and policies differs somewhat in keeping with the divergent interests and purposes of the occupying powers. Thus the policies of Britain, France, and the Soviet Union have not been identical with those pursued by the United States.

Soviet plans for the political reconstruction of Germany have from the first, even before occupation of German soil, been systematically directed toward the encouragement of those native German elements hostile to Nazi-militarism and social reaction. A Free Germany Committee was sponsored at Moscow as early as July 1943, and many of its members now occupy leading posts in the Soviet zone. Democratization, to the Soviets, means the destruction of anti-democratic social groups—the military caste, the great land owners (*Junkers*), the reactionary bureaucracy, and the proprietors and magnates of that elaborate financial-industrial system which was the heart of German power. Hence, Soviet authorities have sponsored sweeping land reforms, which have now obliterated the great estates of eastern Germany and have assigned small holdings to the peasants. Programs to socialize important sectors of industry are under way, while plants vitally related to war production have been dismantled. The "big-business" control group has been virtually eliminated. There has been a significant effort to build up labor into an import-controlling group through strong and centrally organized trade unions and shop councils, destined to share largely in plant management and industrial policy. There is an attempt to strengthen the peasant group through land reforms and revival of cooperatives. Light consumers' industries have been encouraged, probably to a considerably greater degree than in other zones. Thus basic socio-economic reforms are made prerequisite to political reconstruction definitely oriented to the Left. The Communist Party is utilized as a major instrument in effecting these changes. Although free and democratic parties were authorized first in the Soviet zone (June 10, 1945), Soviet policy stresses the "bloc" pattern

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rather than party independence and rivalry. A four-party committee coordinates party policies and directs a joint reconstruction program. Lately the Soviets have given encouragement to the movement for merger of the Communist and Socialist parties into a united workers' party to combat reactionary influences and to guide reconstruction along Marxist lines. Soviet policy has from the beginning of the occupation entrusted administration to anti-Nazi Germans and allowed them a wide latitude of action in internal German affairs. It has authorized the creation of a number of central administrative departments mainly for the coordination of economic matters throughout the zone.

British authorities have been more immediately concerned with the restoration of economic life and the physical basis of an orderly political state. They have been slower to encourage political activity and have preferred to set up, so far as possible, a non-partisan administration. Moderate political elements have been cultivated, and there has been a disposition to revive the older established parties, particularly the Center and the Social Democrat (Centrist groups exist alongside of the newer CDU organizations). The British are less rigid in their policy of denazification than either the American or Soviet authorities and have encountered Soviet criticism on this score. British leaders are inclined to stress the all-importance of a sound program of rehabilitation which will preclude further German aggression but at the same time avert a depressed economic status which might be a drag on European recovery and a potential source of future political intransigence.

The French are guided almost solely by their determination that Germany shall never regain the power to menace French security. They oppose any move toward the reestablishment of a central German regime, and insist that the Ruhr basin, the heart of German war industry, and the Rhineland be permanently detached from German sovereignty. They have not encouraged autonomous political activity until very recently and have sought to foster separatist movements in their zone. They have given preference to "safe" conservative and Catholic elements in administration. The French aim seems to be a weakened

and decentralized Reich, with those western districts which France considers of major security importance made innocuous through some scheme of internationalization or by absorption (particularly of the Saar and the Pfalz) into the French economic orbit. The French have consistently refused to discuss the establishment of central German administrative agencies as provided in the Potsdam agreement until the problem of the Ruhr and Rhineland areas has been settled.

In the joint task of reviving German political life there are certain dangers to be avoided, certain thorny problems to be grappled with, and a paramount necessity for broadening the area of agreed policy.

Germany today is ruled by four powers once closely associated in a wartime alliance, but now becoming increasingly conscious of the diversity of their respective national viewpoints and interests. These are reflected in the zonal administration of Germany. Despite agreement at the intergovernmental level and within the Control Council on the guiding principles of German policy the trend has been toward four different unilateral applications of these principles. The possibility here is apparent: that Germany may split apart, that Germans may capitalize Allied differences and play off one power against another, that the Allies may compete for German favor. In short, Germany may, through a policy of Allied drift, become an area of inter-Allied friction and tension rather than a laboratory of four-power cooperation.

There is the danger of the ever-latent Nazi mentality, the almost instinctive expression of a century or more of ultra-nationalist indoctrination. The present political apathy of the Germans, their lukewarm conversion to democratic tenets, and the flaring up in unexpected places of the most reactionary nationalistic sentiments point to the urgency of a concerted, long-range approach to the problem of German psychological disarmament and reorientation. This is a task of the utmost delicacy. One danger here is that a brusque or short-sighted policy may defeat our own ends and stimulate a violent nationalistic revival born of humiliation and desperation. Another is that we

(Continued on page 573)

A Report on the International Control of Atomic Energy

FOREWORD BY THE SECRETARY OF STATE

This "Report on the International Control of Atomic Energy" is in the main the work of a Board of Consultants to the Department of State. The Board carried out its assignment under the general direction of a Committee on Atomic Energy which I set up on January 7, 1946 with Dean Acheson, Under Secretary of State, as Chairman. A letter of transmittal at the beginning of the Report embodies the comments which Mr. Acheson's Committee made on the unanimous findings and recommendations of the Board of Consultants.

In thus transmitting to me the detailed report of the Board, the Committee emphasizes the Board's observation that the Report is not in-

tended as a final plan but "a place to begin, a foundation on which to build". The Committee also states that it regards the consultants' work as "the most constructive analysis of the question of international control we have seen and a definitely hopeful approach to a solution of the entire problem".

The intensive work which this document reflects and the high qualifications of the men who were concerned with it make it a paper of unusual importance and a suitable starting point for the informed public discussion which is one of the essential factors in developing sound policy. The document is being made public not as a statement of policy but solely as a basis for such discussion.

THE COMMITTEE'S LETTER OF TRANSMITTAL

OFFICE OF
THE UNDER SECRETARY OF STATE
WASHINGTON

March 17, 1946.

DEAR MR. SECRETARY:

Your committee was appointed on January 7, 1946, with the following terms of reference:

"Anticipating favorable action by the United Nations Organization on the proposal for the establishment of a commission to consider the problems arising as to the control of atomic energy and other weapons of possible mass destruction, the Secretary of State has appointed a Committee of five members to study the subject of controls and safeguards necessary to protect this Government so that the persons hereafter selected to represent the United States on the Commission can have the benefit of the study."

At our first meeting on January 14, the Committee concluded that the consideration of controls and safeguards would be inseparable from a plan of which they were a part and that the Commission would look to the American representative to put forward a plan. At that meeting we also agreed that it was first essential to have a report prepared analyzing and appraising all the relevant facts and formulating proposals. In order that the work should be useful, it was necessary to designate men of recognized attainments and varied

Prepared for the Secretary of State's Committee on Atomic Energy by a board of consultants: Chester I. Barnard, J. R. Oppenheimer, Charles A. Thomas, Harry A. Winne, and David E. Lillenthal (chairman), Washington, D.C., March 16, 1946. The complete text of this report is printed as Department of State publication 2498, for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.; price 20 cents.

background, who would be prepared to devote the major part of their time to the matter.

On January 23, 1946, we appointed as a Board of Consultants for this purpose:

Mr. David E. Lilienthal, Chairman of the Tennessee Valley Authority, who acted as Chairman of the consulting Board,

Mr. Chester I. Barnard, President of the New Jersey Bell Telephone Company,

Dr. J. Robert Oppenheimer, of the California Institute of Technology and the University of California,

Dr. Charles Allen Thomas, Vice President and Technical Director, Monsanto Chemical Company, and

Mr. Harry A. Winne, Vice-President in Charge of Engineering Policy, General Electric Company.

The Board of Consultants has spent virtually its entire time, since the date of appointment, in an intensive study of the problem, and has now completed its report, which is transmitted herewith.

A preliminary draft of this report was first presented to your Committee ten days ago. Extensive discussion between the Committee and the Board led to the development of further considerations embodied in a subsequent draft. Still further discussion resulted in the report now transmitted.

We lay the report before you as the Board has submitted it to us "not as a final plan, but as a place to begin, a foundation on which to build." In our opinion it furnishes the most constructive analysis of the question of international control we have seen and a definitely hopeful approach to a solution of the entire problem. We recommend it for your consideration as representing the framework within which the best prospects for both security and development of atomic energy for peaceful purposes may be found.

In particular, we are impressed by the great advantages of an international agency with affirmative powers and functions coupled with powers of inspection and supervision in contrast to any agency with merely police-like powers attempting to cope with national agencies otherwise restrained only by a commitment to "outlaw" the use of atomic energy for war. In our judgment the latter type of organization offers little hope of

achieving the security and safeguards we are seeking.

We are impressed also by the aspect of the plan which concentrates in the hands of the international agency only the activities which it is essential to control because they are dangerous to international security, leaving as much freedom as possible to national and private research and other activity.

We wish to stress two matters brought out in the Board's report—matters of importance in considering the report's proposals as they affect the security of the United States both during the period of any international discussion of them and during the period required to put the plan into full effect.

The first matter concerns the disclosure of information not now generally known. The report points out that the plan necessitates the disclosure of information but permits of the disclosure of such information by progressive stages. In our opinion various stages may upon further study be suggested. It is enough to point out now that there could be at least four general points in this progression. Certain information, generally described as that required for an understanding of the workability of proposals, would have to be made available at the time of the discussions of the proposals in the United Nations Atomic Energy Commission, of the report of the Commission in the Security Council and General Assembly of the United Nations, and in the national legislatures which would be called upon to act upon any recommendations of the United Nations. We have carefully considered the content of this information, and in our discussions with the Board have defined it within satisfactory limits. We estimate the degree of its importance and the effect of its disclosure to be as follows: If made known to a nation otherwise equipped by industrial development, scientific resources and possessing the necessary raw materials to develop atomic armament within five years, such disclosure might shorten that period by as much as a year. Whether any nation—we are excluding Great Britain and Canada—could achieve such an intensive program is a matter of serious doubt. If the program were spread over a considerably longer period, the disclosure referred to would not shorten the effort appreciably.

The next stage of disclosure might occur when the proposed international organization was actually established by the action of the various governments upon the report of the United Nations. At this time the organization would require most of the remaining scientific knowledge but would not require the so-called technical know-how or the knowledge of the construction of the bomb.

By the time the organization was ready to assume its functions in the field of industrial production it would, of course, require the technological information and know-how necessary to carry out its task. The information regarding the construction of the bomb would not be essential to the plan until the last stage when the organization was prepared to assume responsibility for research in the field of explosives as an adjunct to its regulatory and operational duties.

The second matter relates to the assumption or transfer of authority over physical things. Here also the plan permits of progress by stages beginning in the field of raw material production, progressing to that of industrial production, and going on to the control of explosives.

The development of detailed proposals for such scheduling will require further study and much technical competence and staff. It will be guided, of course, by basic decisions of high policy. One of these decisions will be for what period of time the United States will continue the manufacture of bombs. The plan does not require that the

United States shall discontinue such manufacture either upon the proposal of the plan or upon the inauguration of the international agency. At some stage in the development of the plan this is required. But neither the plan nor our transmittal of it should be construed as meaning that this should or should not be done at the outset or at any specific time. That decision, whenever made, will involve considerations of the highest policy affecting our security, and must be made by our government under its constitutional processes and in the light of all the facts of the world situation.

Your Committee, Mr. Secretary, awaits your further instructions as to whether you believe it has performed the task you assigned to it and may now be discharged or whether you wish it to go further in this field under your guidance.

Respectfully submitted,

DEAN ACHESON

Chairman

VANNEVAR BUSH

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Secretary of State,

Washington, D. C.

EXCERPTS FROM THE TEXT OF THE REPORT

Introduction

The board of consultants met for the first time on January 23d, conferring briefly with the Secretary of State's Committee on Atomic Energy respecting the board's assignment to study the problem of international control of atomic energy. For more than seven weeks since that time we devoted virtually our entire time and energies to the problem we were directed to study and report upon. We visited the plants and installations at Oak Ridge, Tennessee, and Los Alamos, New Mexico, and spent days consulting with numerous scientists, industrial experts, and geologists, authorities in the technical fields concerned with atomic energy. Since February 25th this board

has met almost continuously, developing and writing the following report. Our absorption in this task does not, of course, assure the soundness of the recommendation which is the product of our deliberations. But it is relevant as a measure of how important and urgent we feel it to be that the Government and the people of the United States develop a rational and workable plan, before the already launched international atomic armament race attains such momentum that it cannot be stopped.

We have concluded our deliberations on this most difficult problem, not in a spirit of hopelessness and despair, but with a measure of confidence. It is our conviction that a satisfactory plan can be

developed, and that what we here recommend can form the foundation of such a plan. It is worth contrasting the sense of hope and confidence which all of us share today with the feeling which we had at the outset. The vast difficulties of the problem were oppressive, and we early concluded that the most we could do would be to suggest various alternative proposals, indicate their strengths and limitation, but make no recommendations. But as we steeped ourselves in the facts and caught a feeling of the nature of the problem, we became more hopeful. That hopefulness grew not out of any preconceived "solution" but out of a patient and time-consuming analysis and understanding of the facts that throw light on the numerous alternatives that we explored. Five men of widely differing backgrounds and experiences who were far apart at the outset found themselves, at the end of a month's absorption in this problem not only in complete agreement that a plan could be devised but also in agreement on the essentials of a plan. We believe others may have a similar experience if a similar process is followed.

We have described the process whereby we arrived at our recommendation, to make it clear that we did not begin with a preconceived plan. There is this further reason for describing this process. Others would have a similar experience if they were able to go through a period of close study of the alternatives and an absorption in the salient and determining facts. Only then, perhaps, may it be possible to weigh the wisdom of the judgment we have reached, and the possibilities of building upon it.

The plan of the report itself may be briefly described, as an aid in reading it:

In Section I. we examined the reasons that have led to a commitment for the international control of atomic energy and the early proposal for realizing this objective by a system of inspection.

In Section II. the essential characteristics of a workable plan for security are stated, and the considerations that favor the development of a plan are set out. By the time this discussion is concluded, the outlines of a workable plan as we see it are apparent.

In Section III. the essentials of an organization that puts such principles into effect are described.

In Section IV. we consider the problems of the transition period leading from the present to the full operation of the plan.

We have tried to develop a report that will be useful, *not as a final plan, but as a place to begin, a foundation on which to build.* Many questions that at later stages should and must be asked we have not touched upon at all. We recognize that securing the agreement of other nations to such a plan will raise questions the precise contours of which can hardly be drawn in advance of international meetings and negotiation. We have not, of course, undertaken to discuss, much less to try to settle, problems of this character. The newly created Atomic Energy Commission of the United Nations, when its deliberations begin, will deal with many of these in joint discussion. Indeed, this process of joint international discussion is itself an integral part of any program for safeguards and security.

WASHINGTON, D. C.

March 16, 1946

Section I: Background of the Problem

This report is a preliminary study of the international control of atomic energy. It has been prepared to contribute to the clarification of the position of the U.S. Representative on the United Nations Commission on atomic energy set up by resolution of the United Nations General Assembly to inquire into all phases of this question.

Here follow discussions on the commitment for international control, early ideas on safeguards, the technical problem of inspection, and human factors of inspection.

Section II: Principal Considerations in Developing a System of Safeguards

INTRODUCTION

At the outset of our inquiry we were preoccupied with some way of making an inspection system provide security. This is a preoccupation that is apparently common to most people who have seriously tried to find some answer to the extraordinarily difficult problem presented by the atomic bomb. But as day after day we proceeded with our study of the facts concerning atomic energy, and reflected upon their significance, we were inescapably driven to two conclusions: (a) the facts preclude any reasonable reliance upon inspection as the primary safeguard against violations of conventions prohibiting atomic weapons, yet leaving the exploitation of atomic energy in national

hands; (b) the facts suggest quite clearly a reasonable and workable system that may provide security, and even beyond security, foster beneficial and humanitarian uses of atomic energy.

What Should be the Characteristics of an Effective System of Safeguards:

It may be helpful to summarize the characteristics that are desirable and indeed essential to an effective system of safeguards; in other words, the criteria for any adequate plan for security.

a. Such a plan must reduce to manageable proportions the problem of enforcement of an international policy against atomic warfare.

b. It must be a plan that provides unambiguous and reliable danger signals if a nation takes steps that do or may indicate the beginning of atomic warfare. Those danger signals must flash early enough to leave time adequate to permit other nations—alone or in concert—to take appropriate action.

c. The plan must be one that if carried out will provide security; but such that if it fails or the whole international situation collapses, any nation such as the United States will still be in a relatively secure position, compared to any other nation.

d. To be genuinely effective for security, the plan must be one that is not wholly negative, suppressive, and police-like. We are not dealing simply with a military or scientific problem but with a problem in statecraft and the ways of the human spirit. Therefore the plan must be one that will tend to develop the beneficial possibilities of atomic energy and encourage the growth of fundamental knowledge, stirring the constructive and imaginative impulses of men rather than merely concentrating on the defensive and negative. It should, in short, be a plan that looks to the promise of man's future well-being as well as to his security.

e. The plan must be able to cope with new dangers that may appear in the further development of this relatively new field. In an organizational sense therefore the plan must have flexibility and be readily capable of extension or contraction.

f. The plan must involve international action and minimize rivalry between nations in the dangerous aspects of atomic development.

The facts we have come to think essential, and the elements of our thinking as we moved toward

the plan we herein recommend, are set out in this section, in the form of the considerations that are relevant to an effective program for security, and that have led us to devise what we believe is an adequate plan.

Chapter 1, "The Problem Has Definable Boundaries", defines atomic energy as the "energy that results from rearrangements in the structure of atomic nuclei of elements". The nature of the forces which hold such nuclei together and account for their stability is

not adequately understood, but enough is known about their behavior, not only to make it certain that the energy of an atomic bomb or an atomic power plant comes from the work done by these forces when the structure of atomic nuclei is rearranged, but also to explain one major fact of decisive importance: Only in reactions of very light nuclei, and in reactions of the very heaviest, has there ever been, to the best of our knowledge, any large-scale release of atomic energy. The reasons for this can be given in somewhat oversimplified form.

The Committee concludes that:

Because the constituent raw materials of atomic energy can be limited to uranium and thorium, the control problem is further narrowed by the geological conditions under which uranium and thorium are found, and the fact that at present those elements have only a restricted commercial significance. Although they are distributed with relative abundance throughout the world, and although it is clear that many sources beyond the known supplies will be discovered, it is apparently the view of the authorities that these elements occur in high concentrations only under very special geologic conditions. This would seem to mean that the areas which need to be surveyed, to which access must be had, and which would ultimately have to be brought under control, are relatively limited.

The other chapters of Section II discuss the adequacy of present scientific knowledge, constructive applications of atomic energy, the elimination of international rivalry, and "Safe" and "Dangerous" activities. The Committee in a summary states that:

1. If nations or their citizens carry on intrinsically dangerous activities it seems to us that the chances for safeguarding the future are hopeless.

2. If an international agency is given responsibility for the dangerous activities, leaving the non-dangerous open to nations and their citizens

and if the international agency is given and carries forward *affirmative development responsibility*, furthering among other things the beneficial uses of atomic energy and enabling itself to comprehend and therefore detect the misuse of atomic energy, there is good prospect of security.

Section III: Security Through International Cooperative Development

INTRODUCTION

In the preceding sections of this report we have outlined the course of our thinking in an endeavor to find a solution to the problems thrust upon the nations of the world by the development of the atomic bomb—the problem of how to obtain security against atomic warfare, and relief from the terrible fear which can do so much to engender the very thing feared.

As a result of our thinking and discussions we have concluded that it would be unrealistic to place reliance on a simple agreement among nations to outlaw the use of atomic weapons in war. We have concluded that an attempt to give body to such a system of agreements through international inspection holds no promise of adequate security.

And so we have turned from mere policing and inspection by an international authority to a program of affirmative action, of aggressive development by such a body. This plan we believe holds hope for the solution of the problem of the atomic bomb. We are even sustained by the hope that it may contain seeds which will in time grow into that cooperation between nations which may bring an end to all war.

The program we propose will undoubtedly arouse skepticism when it is first considered. It did among us, but thought and discussion have converted us.

It may seem too idealistic. It seems time we endeavor to bring some of our expressed ideals into being.

It may seem too radical, too advanced, too much beyond human experience. All these terms apply with peculiar fitness to the atomic bomb.

In considering the plan, as inevitable doubts arise as to its acceptability, one should ask oneself "What are the alternatives?" We have, and we find no tolerable answer.

The following pages contain first a brief summary of the plan we recommend, and then an expansion going into some detail.

Summary of Proposed Plan—The proposal contemplates an international agency conducting all intrinsically dangerous operations in the nuclear field, with individual nations and their citizens free to conduct, under license and a minimum of inspection, all non-dangerous, or safe, operations.

The international agency might take any one of several forms, such as a UNO Commission, or an international corporation or authority. We shall refer to it as Atomic Development Authority. It must have authority to own and lease property, and to carry on mining, manufacturing, research, licensing, inspecting, selling, or any other necessary operations.

This chapter is not an attempt to write a corporate charter for such an international agency. It is the aim, rather, to show that such a charter can be written in workable terms, and that the nature of the organization and its functions will have decisive consequences for world security. We are satisfied that the differences between national and international operations can be exploited to make the problem of atomic energy manageable. This idea, we think, can become as familiar as the fact that the differences between individual enterprise and corporate enterprise have important consequences in the conduct of business.

If we are to do anything constructive in relation to atomic energy it must inevitably be novel and immensely difficult. We think that the weeks we have spent in analysis of the problem have made it appear somewhat less difficult and somewhat less novel. A succession of such processes will be necessary, each building on the preceding analysis, before even the major ramifications of the problem can be understood and the major questions partially answered. What is chiefly important now is to describe the right course of action in terms sufficiently practical and valid to show that the further exploration is worthwhile.

The proposal contemplates an international agency with exclusive jurisdiction to conduct all intrinsically dangerous operations in the field. This means all activities relating to raw materials, the construction and operation of production plants, and the conduct of research in explosives.

The large field of non-dangerous and relatively non-dangerous activities would be left in national hands. These would consist of all activities in the field of research (except on explosives) and the construction and operation of non-dangerous power-producing piles. National activities in these fields would be subject to moderate controls by the international agency, exercised through licensing, rules and regulations, collaboration on design, and the like. The international agency would also maintain inspection facilities to assure that illicit operations were not occurring, primarily in the exploitation of raw materials. It would be a further function of the Atomic Development Authority continually to reexamine the boundary between dangerous and non-dangerous activities. For it must be recognized that although the field is subject to reasonable division, the dividing line is not sharp and may shift from time to time in either direction.

The development agency itself would be truly international in character. Its staff would be recruited on an international basis. Its functions would be such as to attract a caliber of personnel comparable to our own activities in raw materials during the war and our own primary production and experimental work. It would be set up as one of the subsidiary agencies of the United Nations, but it would have to be created by a convention or charter establishing its policies, functions, and authority in comprehensive terms.

Whatever the formal organization, its integration with national structure would of course be one of the major problems. Measures to assure the proper degree of accountability to the United Nations and to individual nations, measures to assure that individual nations would have ample opportunity to be informed of the agency's activities, measures to make the agency responsive to the changing needs of nations—all these would have to be worked out with extraordinary care and ingenuity. But certainly our experience with business and government institutions, national and international, would afford a wealth of guidance in the development of such measures.

In the actual conduct of its operations the development organization would at all times be governed by a dual purpose, the promotion of the beneficial use of atomic energy and the maintenance of security. We believe that much can be

done in a convention or charter to make these purposes concrete and explicit, to draw the line between the dangerous and the non-dangerous, to establish the principles determining the location of stockpiles and plants so that a strategic balance may be maintained among nations, to establish fair and equitable financial policies so that the contributions of nations to, and their receipt of benefits from, the organization will be justly apportioned. The most careful and ingenious definitions will be required in order to accomplish these purposes.

In what follows we shall attempt to develop and expand the foregoing statement of essentials.

We can best visualize the Atomic Development Authority in terms of the answer to these concrete questions:

- (1) What will be the functions of the agency; what are the things that it will do?
- (2) What kind of organization is necessary to carry out these functions?
- (3) How will the organization be related to the United Nations and the individual nations that it will represent?
- (4) What policies will guide the agency in determining its manifold actions?

The two chapters in this section are devoted to the (1) proprietary and regulatory functions of Atomic Development Authority in the field of raw materials, production plants, research activities, licensing activities, and inspection activities, and (2) organization and policies of Atomic Development Authority, in which the Committee sets forth the basic considerations for an Atomic Development Authority:

The fundamentals governing the Atomic Development Authority must of course be those which have been so well stated in the resolution of January 18, 1946 setting up the United Nations Atomic Energy Commission, that is, the strengthening of security and the promotion of the beneficial use of atomic energy. In our report we have adopted as the first principle in the accomplishment of these fundamental objectives the proposition that intrinsically dangerous activities in the field must not be left open to national rivalry but must be placed in truly international hands. To establish the boundaries between international and national action, we have grasped the fortunate circumstance that a dividing line can be drawn between dangerous and non-dangerous activities. We have emphasized that not the least in the fortunate circumstances that we have observed is the fact that

the field of non-dangerous activities is so challenging that it provides an opportunity to avoid such centralization of authority as might make the price of security seem too high. In this connection it is important that a purposeful effort should be made to keep as broad and diversified as possible the field of activities which is left in national and private hands. Every effort must be made to avoid centralizing exclusively in the Authority any more activities than are essential for purposes of security.

Section IV: The Transition for International Control

The Committee summarizes this section as follows:

In this section we have been discussing the problem of transition to international control as it affects the security of the United States. During this transition the United States' present position of monopoly may be lost somewhat more rapidly than would be the case without international action. But without such action the monopoly would in time disappear in any event. Should the worst happen and, during the transition period, the entire effort collapse, the United States will at all times be in a favorable position with regard to atomic weapons. This favorable position will depend upon material things; less and less will it rest upon keeping nations and individuals ignorant.

When fully in operation the plan herein proposed can provide a great measure of security against surprise attack. It can do much more than that. It can create deterrents to the initiation of schemes of aggression, and it can establish patterns of cooperation among nations, the extension of which may even contribute to the solution of the problem of war itself. When the plan is in full operation there will no longer be secrets about atomic energy. We believe that this is the firmest basis of security; for in the long term there can be no international control and no international cooperation which does not presuppose an international community of knowledge.

CHESTER I. BARNARD
J. R. OPPENHEIMER
CHARLES A. THOMAS
HARRY A. WINNE
DAVID E. LILIENTHAL,
Chairman

Postponement of Atomic Bomb Tests

The White House Press Secretary, Charles Ross, announced on March 23 at a special news conference that President Truman had decided to postpone the atomic-bomb tests scheduled for May 15 and July 1. Mr. Ross issued a statement which said:

"The President announced tonight that the atomic-bomb tests in the Pacific will be delayed about six weeks. The tests calling for the detonation of two atomic bombs in the Bikini atoll had been scheduled for May 15 for the first, an air drop, and July 1 for a surface burst. The pronouncement is prompted by the fact that a large number of Congressmen have expressed a desire to witness both these tests but owing to the heavy legislative schedule would be prevented from doing so if the tests were held on the dates originally fixed."

Appointment of Civilian Committee on Atomic-Bomb Tests

President Truman announced on March 25 the appointment of five scientists and four members of Congress as members of the civilian committee to evaluate forthcoming bomb tests in the Pacific. Members of the group include: Senators Carl Hatch and Leverett Saltonstall; Representatives Andrew J. May and Walter G. Andrews; Karl T. Compton, President of Massachusetts Institute of Technology; Bradley Dewey, Rubber Director of the War Production Board; J. Robert Oppenheimer, Physics Professor of the University of California and one of the early group who conceived the practical possibilities of the atomic bomb; William S. Newel, president, Bath Iron Works Corp., Bath, Maine; and Fred Searles, Jr., New York mining engineer and Special Assistant to the Secretary of State.

The American Trade Proposals: Proposals Concerning Employment

Article by ELLSWORTH H. PLANK and MAURICE J. ERICKSON

FULL EMPLOYMENT and higher levels of living are twin goals of the United Nations post-war economic policy. They are proclaimed in the Charter of the United Nations and they were incorporated in the Atlantic Charter, the mutual-aid agreements, the Economic Charter of the Americas, and resolutions of the 1945 International Labor Organization Conference. The pursuit of these objectives will have important implications, both for domestic and foreign economic policies.

Domestic Policy Implications

The acceptance of full employment as a major goal of governmental policy clearly involves an assumption of broad responsibilities for economic and social advancement. These responsibilities in the different economies will devolve in varying degree upon the public authorities and private economic groups.

Full employment programs must deal with the problem of general unemployment caused by declines in total expenditure on goods and services, and also with localized unemployment brought about by the immobility of labor, by rigidities in the domestic industrial structure, or by seasonal variations in economic activities.

In order to solve these problems, all aspects of domestic policy will have to be examined in the light of their effect upon the level and stability of employment. In most countries, this criterion is not new but may be expected to play a more prominent role in policy formulation as full employment plans enter the action stage.

Higher levels of living presuppose a fuller and a more effective utilization of available labor and natural resources, as well as a wide distribution of the income produced. In the industrialized economies the achievement of higher levels of living is

closely linked with the success of full employment plans. Although problems vary greatly between nations, programs for economic development, diversification, and expansion of social services are likely to receive special emphasis.

Foreign Economic Policy Implications

Many countries are substantially dependent for the attainment of employment objectives upon external trade and financial relationships. An important group of nations are so deficient in certain types of resources that they must import in order to exist as prosperous industrial states. In other countries foreign trade constitutes a highly strategic, if not a substantial, proportion of total economic activity. The international exchange of goods and services permits countries to employ their productive resources more efficiently and to obtain more advantageously goods which they cannot produce or which they can produce only with relative ineffectiveness.

Many nations also lack adequate capital to finance reconstruction and economic development programs. Continued access to surplus capital funds of other countries is required for the solution of their basic economic problems, including the improvement of employment opportunities and

Mr. Plank is chief of and Mr. Erickson an officer in the Economics Branch of the Division of International Labor, Social and Health Affairs, Office of International Trade Policy, Department of State. This article is the fourth in a series on the American Trade Proposals; for the other articles already printed in the BULLETIN, see "Trade Barriers Imposed by Governments" by Margaret Potter, BULLETIN of Mar. 17, 1946; "Restrictive Business Practices" by Robert P. Terrill, BULLETIN of Mar. 24, 1946; and "Intergovernmental Commodity Arrangements" by William T. Phillips, BULLETIN of Mar. 31, 1946. The final article on the American Trade Proposals will appear in the next issue.

the achievement of higher standards of living for their people. Increased capital exchanges will also contribute to a high level of economic activity in capital-exporting nations and, in the long run, to a general expansion of trade and employment.

International trade, while essential to the attainment of employment objectives, is a source of domestic economic instability. Fluctuations in foreign trade have been an important cause of economic dislocation in many countries and they may well prove to be a serious obstacle to the success of employment programs.

Economic depressions, which are the major cause of such fluctuations, move easily across national boundaries. If the depression originates in a major trading nation and is prolonged and severe, it will be extremely difficult, if not impossible, for the countries with which it trades to maintain employment and income. An attempt to do so would require extensive readjustment of domestic activities to provide jobs for workers displaced as a result of declining exports, and imports would have to be curtailed to avoid continuing deficits in foreign accounts. Heavy increases in governmental expenditures to finance emergency employment projects and to facilitate the necessary internal readjustments would be inevitable. Regardless of the measures that may be adopted to counteract external deflationary influences, the countries concerned are likely to experience a loss in real income and at least a temporary decline in levels of employment.

An expansion of international trade and investment in many countries is essential to the attainment of employment objectives. The importation of goods and capital is the only means by which some countries are able to maintain production and employment or to improve their levels of living. In other nations high levels of trade and enlarged outlets for surplus capital will provide a substantial stimulus to the attainment of full employment and improved standards of living. It should be recognized, however, that certain nations may be inclined to forego these benefits and limit external trade to their minimum requirements unless there is reasonable assurance that sharp and disruptive variations in the volume of trade and, therefore, of employment can be avoided.

Finally, assurance is needed that foreign economic policies will not be subject to abrupt and

fundamental changes by unilateral action. An increase in trade restrictions or the sudden and unexpected cessation of foreign lending and investment by an important country is certain to have disruptive influences upon the economies of other nations. Continuity in international economic policies will greatly facilitate the planning of employment programs in all countries.

Consequently, the success of employment programs in the various nations depends, in greater or lesser degree, upon attainment of the following conditions as respects their external economic relations: (1) stability of international trade; (2) high levels of international trade and investment; (3) continuity of economic foreign policies.

Proposed International Trade and Financial Policies in Relation to the Attainment of Employment Objectives

It is evident that the above conditions can be attained not by domestic action alone; they require effective international collaboration. The international trade and financial policies supported by this Government constitute a broad and constructive program for economic cooperation among nations. So far as other countries accept these policies, they will affect the plans of individual nations for attaining employment objectives. Although intended to promote the same broad objectives as domestic employment programs, it is essential that the relationship of these international policies to the achievement of employment objectives be clearly defined.

Commercial Policies

The trade proposals¹ are designed to contribute to an expansion of trade and to a more economic use of the resources of all countries by reducing or removing artificial and discriminatory restrictions upon world commerce. The recommendations relating to international commodity arrangements provide for a cooperative attack upon problems of serious and persistent imbalance in the supply and demand of particular commodities, especially primary products. The proposals concerning restrictive practices of private industrial organizations establish procedures for combating such practices; and, by permitting a freer play of competitive forces, are expected to contribute to an expansion of trade and employment.

¹BULLETIN of Dec. 9, 1945, p. 912.

Certain groups are fearful that domestic full employment programs and the proposed international trade policies may prove incompatible. It has been argued that the reduction of trade barriers will subject individual economies to the possibility of greater fluctuations arising from external factors; thus a nation which has full employment as a primary objective might, it is said, be ill-advised to cooperate in multilateral trading systems. Similarly, it has been suggested that a nation cooperating in the proposed trade program might insist upon permission to take appropriate protective measures if a serious depression developed in other countries.

External influences may, no doubt, jeopardize the economic stability of a nation. From an international standpoint the central problem in achieving employment objectives is to prevent or arrest external deflationary influences upon domestic income and employment, while maintaining the high level of trade required for full and effective utilization of national resources.

The success of domestic employment programs in many countries will depend in large degree upon finding an effective solution of this problem. Consequently there is little point in laboring the issue as to whether a reduction of trade barriers—designed to contribute to the higher levels of trade required—might subject particular economies to the possibility of greater external fluctuations.

The problem of eliminating or controlling external deflationary influences is essentially one of preventing depressions in the major trading nations and, if preventive measures fail, developing appropriate corrective techniques. In the absence of effective machinery for cooperative action, the various countries would attempt to protect themselves through unilateral action, although with little assurance of success. The obvious alternative is an international agreement which provides a cooperative approach to the solution of problems of world-wide instability and unemployment.

The proposed trade policies do not of themselves constitute an anti-depression program. They are not specifically designed for this purpose, although they should have a beneficial preventive influence. The proposals concerning international commodity arrangements, while intended to achieve greater stability of prices and markets for certain basic commodities, are obviously,

limited in scope. The proposals for reduction of trade barriers contain certain exceptions which the International Trade Organization might interpret as permitting individual nations to take corrective measures in case a serious depression develops. However, if such action were permitted by the International Trade Organization, the remedy would merely be a reversion to unilateral action by the various countries affected and would involve at least a temporary break-down of the cooperative trade program. If such action were not authorized the result might be the same, since domestic pressures are not likely to permit any government to sit idly by while serious external deflationary influences run their course.

Financial Policies

In terms of their relation to the attainment of employment objectives, the International Monetary Fund and the International Bank for Reconstruction and Development are significant developments. The Fund is designed to insure stability of exchange rates and to facilitate a balance of short-run accounts between nations. It provides for limited reserves of exchange to which all signatory countries will have access in case of need, for a reasonable degree of flexibility in exchange rates to meet contingencies. Thus the Fund is equipped to cope with one important aspect of the problem of stable relationships between nations—the stability of international exchange.

The primary function of the Bank, as its name implies, is to help finance reconstruction and development projects in countries requiring such assistance. It provides an international mechanism whereby the surplus capital funds of certain countries may be made available to other nations when conditions are unsuited to private lending. The Bank will be in a position to make a substantial contribution to the recovery of war-devastated areas and to a fuller and more effective utilization of the labor and natural resources of relatively undeveloped countries. The loans extended by the Bank, however, are likely to be expansionary in effect. Although the Bank may extend or guarantee a limited amount of credits for meeting short-run stabilization problems, the stabilization function is not its chief concern. Furthermore, its resources are obviously inadequate to permit extensive anti-cyclical operations.

Conclusions: Role of International Cooperation in Attainment of Employment Objectives

Although the policies of international trade and financial cooperation supported by this Government provide a sound foundation for advancing the twin objectives of full employment and higher standards of living, a further element of cooperative effort is required. The conclusion is inescapable that the fullest measure of success of both domestic employment programs and the proposed trade and financial policies depends upon the formulation and acceptance of a cooperative program for the prevention and alleviation of serious and wide-spread fluctuations in world trade and investment.

The elimination of depression unemployment is, as previously indicated, the key to the success of full employment programs in the industrialized nations. If any major country fails to avoid wide-spread unemployment, the endeavors of other nations to achieve their employment objectives will be seriously jeopardized.

An agreement to act collaboratively in combating economic depressions and their consequences is an indispensable link in the chain of economic cooperation among nations. Without assurance of a concerted effort to avoid or to mitigate the effects of general economic instability, the whole framework of international trade and financial cooperation will be endangered. The proposed trade and financial policies may be accepted by a large number of countries on their merits; however, there might well be important reservations designed to protect the interests of certain countries which are particularly vulnerable to external deflationary influences. The occasion for the application of such reservations and the real danger to the program of trade and financial cooperation will arise when a threat of general depression appears.

In the absence of a concerted effort to formulate an effective anti-depression program, individual nations will undoubtedly take protective measures. How quickly and how decisively they act will depend in part on the government's employment policy. If a nation has a full employment program, action may be taken immediately upon the

appearance of external deflationary influences. Lacking such a program, a nation may delay action until unemployment appears and public pressures force the government to take steps to counteract these influences. In either case the measures adopted would probably be designed to prevent a continuing deficit in foreign accounts, a deficit occasioned by a decline in export income. A return to unilateral imposition of quantitative controls under these conditions would almost inevitably bring with it a general revival of economic warfare. If the depression were severe and prolonged, the measures taken would be likely to be extreme in character and might become firmly imbedded in national policy. A nation which sought to maintain full employment despite a prolonged world depression would be forced to make readjustments in its economy. Labor and capital would have to be diverted from export industries to new industries capable of supplying the deficiencies created by reduced imports from abroad. Such readjustments would be costly and would inevitably involve sacrifices in terms of efficiency. Once they were undertaken, they would interpose serious difficulties to a relinquishment of protective controls when a semblance of world prosperity was restored.

In view of the above considerations the proposals suggest that the various nations undertake to cooperate in the advancement of recognized employment objectives, with particular emphasis upon the prevention of wide-spread unemployment and general economic instability occasioned by cyclical depressions. The envisaged areas of cooperation include a suggested undertaking that:¹

"1. Each of the signatory nations will take action designed to achieve and maintain full employment within its own jurisdiction, through measures appropriate to its political and economic institutions.

"2. No nation will seek to maintain employment through measures which are likely to create unemployment in other countries or which are incompatible with international undertakings designed to promote an expanding volume of international

¹ See *Proposals for Expansion of World Trade and Employment*, Dept. of State publication 2411.

International Organizations and Conferences

Calendar of Meetings

Council of Foreign Ministers: Meeting of Deputies	London	January 18 (continuing in session)
Far Eastern Commission	Washington	February 26 (continuing in session)
PICAO:		
North Atlantic Route Service Conference	Dublin	March 4-27
European Route Service Conference	Paris	April 24
Fourth Session of the UNRRA Council	Atlantic City	March 15-29
Preliminary Meeting of Conference on Health Organization	Paris	March 15 (continuing in session)
Anglo-American Committee of Inquiry	Switzerland	Left Jerusalem about March 28
Allied-Swiss Negotiations for German External Assets	Washington	March 18 (continuing in session)
Third Conference of American States Members of the International Labor Office	México, D.F.	April 1
Food and Agriculture, Conference of Ministers (under the auspices of Emergency Economic Committee for Europe)	London	April 3
Fifth Pan American Railway Congress	Montevideo	April 5
The United Nations:		
Security Council	New York	March 25 (continuing in session)
Military Staff Committee	New York	March 25 (continuing in session)
Negotiating Committee on League of Nations Assets	Geneva	April 6
Special Committee on Refugees and Displaced Persons	London	April 8
Economic and Social Council: Second Session	New York	May 25
General Assembly	New York	September 3

The dates in the calendar are as of Mar. 31.

Activities and Developments

The Far Eastern Commission at its regular weekly meeting on March 27 considered reports by several of its committees and established a new Committee on the Disarmament of Japan. This Committee will be concerned with the disarmament and dissolution of the Japanese armed forces, the disposition of armaments and military equipment, and the long-range control of armaments necessary for internal police security in Japan.

At a special meeting on March 30 called by the Chairman, General McCoy, after consultation with the Commission's Steering Committee, the Far Eastern Commission considered a reply by General MacArthur, the Supreme Commander for the Allied Powers, to an earlier inquiry by the Commission as to his views with respect to the date of the forthcoming Japanese general election scheduled for April 10, 1946.

In its inquiry to the Supreme Commander, the Commission had indicated that it considered the election an important matter, that it had made a preliminary and tentative study of the subject and that it wished the views of the Supreme Commander in order to give the subject further consideration.

The Supreme Commander's reply gave the Commission the information it had requested and it was to consider this information that the Commission met today.

Upon due consideration the Commission agreed that any action on its part in connection with the date of the forthcoming election on April 10 was unnecessary.

Third Conference of American States Members of the International Labor Organization, Mexico City, April 1 to 16, 1946.¹ The American Delegation has been designated by the President upon the recommendation of the Secretary of Labor and concurred in by the Secretary of State.

¹ Released to the press by the White House Mar. 27.

REPRESENTING THE GOVERNMENT OF THE UNITED STATES

Delegates:

Dennis Chavez, United States Senate.
Verne A. Zimmer, Director, Division of Labor Standards, Department of Labor.

Advisers:

William K. Ailshie, Second Secretary, American Embassy, Mexico City.
Beatrice McConnell, Director, Industrial Division, Children's Bureau, Department of Labor.
Marian L. Mel, Specialist in Labor Law Administration, Division of Labor Standards, Department of Labor.
Charles Johnson Post, Commissioner of Conciliation, Conciliation Service, Department of Labor.
Bernard Wiesman, Chief, International Labor Organization Branch, Department of State.

REPRESENTING THE EMPLOYERS OF THE UNITED STATES

Delegate:

James David Zellerbach, President, Crown Zellerbach Corporation, San Francisco, Calif.

Advisers:

C. R. Dooley, Director, Training within Industry Foundation, Inc., Summit, N. J.
M. M. Olander, Director of Industrial Relations, Owens-Illinois Glass Company, Toledo, Ohio.
Charles E. Shaw, Manager, Industrial Relations Overseas, Standard Oil Company of New Jersey, New York, N. Y.

REPRESENTING THE WORKERS OF THE UNITED STATES

Delegate:

George Meany, Secretary-Treasurer, American Federation of Labor, Washington, D.C.

Advisers:

A. F. Cadena, Organizer, American Federation of Labor, Labor Temple, San Antonio, Texas.
Michael Ross, Director, International Department, Congress of Industrial Organizations, Washington, D.C.
Willard Townsend, President, Transport Service Employees, Congress of Industrial Organizations, Chicago, Ill.

SECRETARY TO THE DELEGATION

John S. Gambs, Adviser on International Labor Relations, Department of Labor.

The United Nations

Meeting of the Security Council

MESSAGES FROM PRESIDENT TRUMAN AND THE SECRETARY OF STATE

MR. CHAIRMAN: This is a moment of great importance in the history of the world. With this meeting the Security Council begins, as required by the Charter, to function continuously. For this purpose the members of the Council are obligated to be represented at all times at the seat of the Organization. This is essential because it is the function of the Council to guard at all times the peace of the world.

The President of the United States has requested me to read to you the following message:

"On behalf of the people of the United States I welcome the members of the Security Council and the Secretary-General of the United Nations and their staffs to our country.

"We are greatly honored that the United Nations has chosen a site in our country for its home. We will do our best to make you feel at home.

"But there can be no home anywhere for the United Nations unless the United Nations remain united and continue to work together, as they have fought together, for peace and for freedom.

"The people of the United States not only wish you success, but they pledge to you their wholehearted cooperation to give to the United Nations the strength and the will to maintain peace and freedom in this interdependent world."

I am sure that the Governor of the State of New York and the mayor of this city will join with President Truman and me in welcoming you to our country and to your temporary headquarters in the city of New York.

It is less than 160 years ago that our 13 sovereign states entered into a union for their common defense and to promote the general welfare and to secure the blessings of liberty for themselves and

their posterity. That was then an untried experiment, and many doubted whether such a union of free states could long endure. It is fitting to recall that that union also chose as its temporary abode the city of New York.

Although it was later to go through dark days of trial, that union did survive. It grew in strength and has played its part in preserving the blessings of liberty for all mankind. Let us hope that the new and broader union of states, which has also chosen New York City as its temporary abode, will likewise grow in strength and survive every crisis.

It is, I am sure, the firm resolve of the American people to uphold the Charter. I am sure this is the equally firm resolve of all the peoples of the United Nations who have joined together to preserve the peace under law.

The Charter does not sanctify ancient privilege. It does not attempt to outlaw change in an ever-changing world. It does, however, obligate all the states, large and small alike, to refrain from the use of force or threat of force, except in the defense of law.

Nations, like individuals, should do their best to adjust their disputes without resort to litigation. But no nation has the right to take the law into its own hands. If disputes cannot be settled by friendly negotiations, they must be brought before the Security Council.

That is why the Security Council must at all times be prepared to act promptly. That is why the Security Council must be prepared to function continuously. If the United Nations is to endure,

Made at the opening meeting in New York City on Mar. 25 and released to the press on the same date.

there must be no excuse or need for any nation to take the law into its own hands.

Upon the Security Council rests the gravest responsibility for the maintenance of peace and security. It must of necessity deal with the problems about which nations in the past have been prepared to fight.

Upon all the members of the United Nations rests the duty to cooperate with the Council to enable it to meet its responsibility. They must be willing freely and frankly to discuss their grievances before the Council.

Questions affecting the peace of the world must not be treated as questions of honor which cannot be discussed. Questions of honor between individuals are no longer left to the ordeal of the duel. Questions of honor between nations cannot be left to the ordeal of battle.

We must live by the Charter. That is the road to peace. And the road to peace is the road the peoples of the world want to travel.

We are here to carry out their mandate. We must not let them down.

Discussion of Soviet-Iranian Matters

REMARKS BY AMBASSADOR GROMYKO¹

MR. CHAIRMAN: During the conference of San Francisco and also during the first session of the General Assembly of the United Nations, held at the beginning of this year in London, the Soviet Delegation stated clearly the position of the Soviet Government with regard to the United Nations.

In these declarations, special reference was made to the importance of the role of the Security Council as the chief organ for the maintenance of world peace and security. It is hardly necessary for me to say that the position of my Government with regard to the United Nations has not changed.

Striking evidence of the fact that the position of our Government is unchanged in this respect was given in the interview, given by the President of the Council of Ministers of the Soviet Union, Generalissimo Stalin, to a representative of the Associated Press on the 15th of March of this year.

During this interview, Generalissimo Stalin stated that he attributed great importance to the United Nations and regarded it as a serious instrument for the maintenance of peace and security.

During this interview, Generalissimo Stalin emphasized that the strength of this international organization lay in the determination to apply

the principle of equality of peoples as against the domination of some peoples by nations—equality of nations as opposed to the domination by some nations of others. Generalissimo Stalin expressed the hope that by applying this principle of equality between nations, the United Nations could play a great and positive role for the maintenance of peace and security.

This statement defines clearly the position of the Soviet Government *vis-a-vis* the United Nations and constitutes a contribution to the peace and security of nations.

After making these general remarks I would turn to the concrete subject placed on the agenda of the Security Council.

I would suggest that this subject, brought to the attention of the Security Council by the Iranian Ambassador, Mr. Hussein Ala, in a letter of the 18th of March, is not fitting to be placed on the agenda. I will not repeat the text of this letter. I will not quote from it for its contents are known to the members of the Security Council, but I would propose that as this subject is not fit to be placed on the agenda of the council it should not be so included, and I will now give my reasons for this position.

I would begin by making an official declaration on behalf of the Soviet Government. Negotiations between the Soviet Government and the Govern-

¹ Made at the 26th meeting of the Security Council in New York, N. Y., on Mar. 26. Mr. Gromyko, Soviet Ambassador to the United States, is the Soviet representative on the Security Council.

ment of Iran have resulted in an agreement regarding the evacuation of Soviet troops still in that country. It is already known that the evacuation of these troops began some time ago, on the 2d of March. As regards the evacuation of the troops still remaining in certain zones of Iran, I would state that in accordance with an agreement concluded between the Soviet and the Iranian Governments the evacuation of these troops began on the 24th of March, that is, two days ago, and will probably end within five or six weeks unless unforeseen circumstances arise.

In recent times the question of relations between the Soviet and Iran have been used by certain elements to aggravate the political atmosphere of the world. They have helped the activity of certain political groups who aim at engaging in propaganda destined to foment a new war by sowing distrust and anxiety among the peoples.

There can be no doubt that the decision taken by the Soviet Government in this matter is clear evidence of the pacific policy pursued by my Government. The policy of my Government is aimed at peace. The decision of the Soviet Government also constitutes a reply to those who, though hiding their aggressive designs, are working against international peace and security. These elements also misuse the freedom of discussion and the freedom of the press for their purposes.

I shall no doubt have occasion later to show the ill-founded nature of the arguments put forward by the Ambassador of Iran in his communications to the Council. For the present I would limit myself to saying that as a result of the understanding I have already referred to, concluded between the Soviet Government and the Iranian Government, the so-called question brought up by Iran does not need to come before the Security Council. There is no ground for bringing this subject before the Security Council.

In spite of the statement made by the Iranian Ambassador in his letter of the 18th of March, a letter which makes no mention of the negotiations in progress between the Soviet and Iranian Governments, and in spite of the declaration made in the second letter of the Iranian Ambassador in which no reference is made to the fact that results were achieved by these negotiations, we have the fact that negotiations have taken place. This fact is confirmed by the Soviet Government and

I have already made mention of the decision taken by my Government and of the understanding reached between my Government and the Government of Iran.

The fact of negotiations is also confirmed by the Iranian Prime Minister, Premier Ahmad Ghavam-es-Saltaneh. So, we have two undisputed facts which, I submit, must be considered when we ask ourselves whether this Iranian question should be placed on the agenda of the Security Council.

The first fact is that negotiations have taken place between the Governments of the Soviet Union and Iran, although that fact is denied by the Iranian Ambassador, and secondly, in fact an agreement has been reached between the two Governments, in virtue of which the Soviet Government has taken the decision to which I have already referred. These two facts have to be taken into account when we consider whether the subject is to be placed on the agenda of the Council.

Is it possible, in view of these two facts which I have mentioned, to ask for the inclusion on the agenda of the Security Council of the so-called Iranian question? My reply is that there is no ground for such a demand; that such a demand contradicts the facts of the situation and cannot be justified.

In conformity with the resolution adopted by the Security Council on 30 January in its session at London, the differences between the Governments of the Soviet Union and Iran were to be handled by negotiations between the two parties, bi-lateral negotiations.

In conformity with this decision, negotiations between the two Governments did take place. These negotiations brought about positive results—the positive results which I have already mentioned—results agreed to and agreements between the two parties. How, therefore, can we justify a demand to include the so-called question of Iran on the agenda of the Security Council now? Such a demand would be justified only if the negotiations provided for in the resolution of London had either led to no result or had led to results which were not positive. Only if that had taken place would it be justifiable to argue that the subject should now be placed on the agenda. However, the resolution of the 30th of January has been carried out. The negotiations have taken place and a positive understanding has been reached.

Therefore, the decision to place this subject on the agenda of the Security Council contradicts not only the facts of the situation, but the letter and the spirit of the resolution adopted by the Security Council on the 30th of January.

For these reasons I propose that the question raised by the Iranian Ambassador in the letter of

the 18th of March should not be included in the agenda of the Security Council. I make this proposal in the hope that the Security Council will examine it with attention, objectively, in the light of the circumstances and the events of the present time which justify my demand for the exclusion of this subject from the agenda.

REMARKS BY THE SECRETARY OF STATE ¹

I cannot agree with the representative of the Soviet Government nor support the amendment he offers to the agenda.

The facts before the Council are that the Iranian Government, through its representative, brought to the attention of the Council a dispute between Iran and the Soviet Government which it declared was likely to endanger international peace and security. The Iranian Government further stated that contrary to the provisions of the Treaty of January 29, 1942, the Soviet Government was maintaining troops on Iranian territory after March 2. And in its letter to the Council, it further declared that the Soviet Government was continuing to interfere in the internal affairs of Iran through the medium of Soviet agents, officials, and armed forces.

The Iranian Government, through its representative, referred to these facts as constituting new developments arising since the action of the Council on January 30.

Today the representative of the Soviet Government states that there has been an agreement. If that information is correct, then the Soviet Government should have presented to the Council for its consideration a joint statement from the Iranian Government and the Soviet Government stating that an agreement had been arrived at and asking that there be no further consideration of the question. But that is not the case. The Iranian Government has not withdrawn its letter.

Though we have tried to ascertain the facts, we have not ascertained from the Iranian Government that there has been an agreement.

Therefore, when a member of the United Nations advises the Council that a situation exists which is likely to threaten the peace and security of the world, we cannot deny to that nation the

opportunity to be heard, to say whether or not there has been an agreement, to say whether or not they wish to withdraw their complaint.

If that is not correct, then all that a government represented on the Council would have to do when a complaint was made against it would be to advise the Council that there has been an agreement, and on the strength of that to ask that the complaining government be denied the opportunity to have a hearing.

All that is contemplated now is the adoption of an agenda which would give to the Iranian Government an opportunity to present facts which in the opinion of that Government constitute a threat to international peace. Surely the Council cannot deny to any member of the United Nations the opportunity to present a request of that kind, filed in complete accord with the provisions of the Charter.

If there has been an agreement, certainly the Council would want to hear that fact stated by the representative of the Iranian Government. If there has been an agreement, we must assume that the representative of the Iranian Government will make a statement as to the agreement. We must put this matter on the agenda; we must give to the Iranian Government an opportunity to say whether or not there has been an agreement.

If there is not a complete understanding between the Iranian Government and the Soviet Government, that fact will be disclosed when opportunity is given to both sides of the dispute to make a statement. And when that is done, the Council can take the matter under consideration and determine whether it can take any action to bring about complete agreement. But certainly it cannot deny to a member of the United Nations, stating that a condition exists which threatens international peace and security, even the opportunity to present its case.

¹ Made at the 26th meeting of the Security Council in New York City on March 26.

REMARKS BY THE SECRETARY OF STATE DURING DISCUSSION ON MOTIONS¹

MR. BYRNES: Mr. President, there can be no question that the representative of the Soviet Government has presented to us information he has received. The difficulty is that there apparently is a misunderstanding between the officials of the Soviet Government and the officials of the Iranian Government. The information of the United States Government has is not from the press but from its official representative in Tehran, as to the attitude of the Iranian Government, and it is that there has been no settlement of the dispute between the two Governments. The information coming not from the press or radio but from the highest official of the Iranian Government to the representative of the United States Government is that proposals have been made but have not been agreed to, and that being so, there was no change of his instructions to his representative.

Therefore, the United States Government is in the position of having here before the Security Council a representative of the Government of Iran who in compliance with the provisions of the Charter has formally filed in proper form a complaint which he says in behalf of his government threatens international peace and security, and that there is a continuance of interference with his Government by Soviet agents and armed forces of the Soviet Government.

First, a motion is made to delete the whole subject from the agenda; when that was not agreed to, then a motion to postpone discussion until April 10. In the face of this situation a motion is made by the Representative from Egypt that the Representative of the Government of Iran be permitted to make a statement to the Council as to whether or not this question shall be postponed until April 10.

I say again what I said yesterday. The United States Government deems it of vital importance to the future of the United Nations. If a small government not a member files properly and in compliance with the Charter a declaration that foreign troops are on its soil and are interfering with that government, and any of the governments here represented can say "we think there is an agreement, or our information is that there is an agreement," and because of this a non-member gov-

ernment is denied even the right to present its case, then all confidence in the effectiveness of the Security Council will disappear.

We are asked to act upon press statements. That cannot be done because even then we would want to have before us the press statements.

My friend the representative of the Soviet Government refers to an interview in the newspapers given by Premier Ghavam. I hurriedly wrote down before leaving my hotel the language of that interview, and here is what the interview was: "It makes no difference if the Council meets now or in fifteen days. If by the time it does convene we have not solved the fundamental problem of evacuation of troops by other means, then our case will be included in the organization agenda under security regulations."

That is a statement that anyone would make—I don't care when it meets, if by the time it meets we have not solved this problem of the removal of troops from our borders we are going to submit our case to the Security Council and ask for its consideration.

Gentlemen of the Council, we cannot act upon that. If we are going to say that when an official representative of the Iranian Government is here, he cannot even be heard upon the request of postponement, I do not see how a non-member will ever get into this Council, for if the motion of the Soviet representative were adopted and discussion postponed without even giving him a chance to be heard until April 10, then on April 10 any member of this Council or the Soviet Representative could move that it be postponed until October 10, and if the Iranian Representative occupied then, as he occupies now, a seat in the front row of this hall, the motion could be made that he be denied the opportunity to speak; and on October 10 someone else can make the motion. The United Nations will die in its infancy because of inefficiency and ineffectiveness.

The nations not represented here—there are forty nations not represented here—look to us to give to each one of them the assurance that the doors of the Security Council are open to them to

¹ Made at the 27th Meeting of the Security Council on March 27.

present a grievance when they say that grievance threatens international security.

Now as to priority of motion. Would it be logical in view of the motions here to vote first upon the motion of the Soviet Representative to postpone until April 10 in preference to the motions that the Iranian Representative be heard on that postponement? Suppose the motion of the Soviet Representative should be carried and the matter is postponed. Then the Council will have acted and postponed the matter which Iran says threatens national security, without ever giving Iran the right to say a word in behalf of its plea. Vote to postpone first and then hear them afterwards? That answers itself.

Obviously, when the motion was presented under the language of the Charter several motions were made to give Iran a chance to present its views. As between those motions I think the Chair acted perfectly correctly. They should be considered in the order in which they were presented.

The motion of the Representative of Egypt should be presented first, and if it should be carried and Iran be given a chance to say a word as to whether or not this case should be postponed, then if the Council sees proper they could vote upon the motion of the representative from Australia, and the Iranian Representative be asked to file a written statement in addition to his oral statement. But certainly we must vote on the question of whether we hear Iran before we vote on the question of whether we postpone the matter without giving him a hearing.

PRESIDENT: Mr. Byrnes, did I understand that you wish to have the Egyptian motion put to a vote first?

MR. BYRNES: That is my request Mr. President. I suggest that the Representative of Egypt clarify his motion. As I understand it as he made it, it was that the Representative of Iran be permitted to come, using his language, to the bar of the Council and make a statement.

PRESIDENT: The President, of course, is not in a very good position to judge the importance of each motion, but the order of the various motions in which they are made seems to be a safe rule. However, I am quite ready to waive on that point even as I expressed myself to be ready to waive on the question of precedence of the Australian

motion over the Egyptian motion, but I must confess that I am still partial to the order that I have already given—that much by charity could be permitted by the President.

However, I shall take the advice of the Council when we come to vote upon the various motions.

MR. BYRNES: In my previous statement I expressed the view that the motion of the Representative from Egypt constituted an amendment to the original motion offered by the Representative of the Soviet Government. But I realize the Chair is acting without having formal rules, and when the Chair decided to give preference to the motion made by the Soviet Representative because it was first made, I gladly acquiesced in that. And I think that the same order then should be followed, the order in which the motions were made.

I would have to object to the motion of my good friend, the Representative from Poland, which would make the last first. I do not think the last should be first. If that really be the case, I might make another motion myself so that mine would be last. I think the Chair was right in solving this difficult situation by taking the motions in the order in which they were filed. We took the Soviet motion first; the next was a motion of the Representative from Egypt; the next was the motion of the Representative of Australia, and as long as we have started that way I submit respectfully we might follow that rule.

MR. PRESIDENT, when the President stated before the vote was taken that debate was closed, along with the representative of France I reserved the right to make a statement afterward. I was prompted to make that reservation because of the statement made by the Soviet Representative that the Representative of the United States wished to have the Iranian Representative speak upon the substance of the dispute and not upon the question of postponing. I wanted to call to the attention of the Council the fact that in my statement today and yesterday I stated quite the contrary and that my good friend representing the Soviet Republic was mistaken in his view.

The fact is that as a result of my statement today that the Iranian Representative be given the opportunity to express to the Council his views con-

cerning the question of postponement, the Representative of Egypt amended his motion to accord with the suggestion I made. That accounts for the change in the motion providing that the Iranian Representative appear at the Council to present his point of view.

My friend, the Representative of Egypt, was good enough to accept that amendment. So that the statement of the Representative of the United States was that the Iranian Representative should be heard upon that motion before it was taken. Because of the decision of the chairman the vote was taken first on the motion of the Representative of the Soviet Union.

It does not change my view. I think that the Representative of Iran should, when he appears before the Council, be asked to state his views with reference to any postponement, whether it be April 10th or April 1st, after he has made his statement.

As I have stated several times within the last few days, it is then proper for any member of the Council to move to make such disposition of the dispute as may appear wise to the Council in view of the statements made. So that the Representative of Iran should, in my opinion, be asked, in accordance with the resolution of the Representative of Egypt, first to state his views concerning a question of postponement; then, if the Council desires to postpone further consideration for one day, or two days, or any other time, the Council can do it. If no one wishes to postpone it, then we will proceed to the consideration of the substance of the dispute.

That, Mr. President, is my idea of the procedure that should be followed and is the explanation I desired to make before the last vote was taken.¹

Confirmation of John G. Winant

On March 28, 1946 the Senate confirmed the nomination of John G. Winant to be the representative of the United States on the Economic and Social Council of the United Nations.

¹ The proposal of the Egyptian Delegation was adopted by 8 affirmative votes.

FULLER—Continued from page 552.

sabotage our own work by a premature withdrawal or relaxation of controls through refusal to admit the long-term nature of our commitments.

Emergent problems are many. Can Germany be democratized and permanently pacified without a thorough-going reform of the socio-economic structure? To what extent can such a reform be imposed and enforced by military government? Can the Germans themselves be trusted to effect and maintain minimum required reforms? In this respect there is marked contrast between Soviet policy, which is positive and aggressive, and British and American policies, which rely mainly on such negative methods as the exclusion of Nazis, militarists, and anti-democratic elements from public life and leave the formulation of positive political programs to the Germans themselves. How can denazification be made a just and effective screening process that will exclude from influence all, but only, evil and dangerous elements? Can war criminals be punished without creating a new martyrology? Can millions of German refugees from the east be assimilated into a nation already overcrowded and with its economy seriously disabled? And how can reparations be exacted and German war potential eradicated without destroying or unduly weakening the foundations of a wholesome economic life prerequisite to democratic reformation?

Differences have arisen on these and other issues, but not fatal differences. The area of agreement is being slowly but continually enlarged. Some exceedingly stubborn obstacles have been overcome. The political reconstruction of Germany can follow no rigid blueprint, nor can a nation be remade over night. The rebuilding of the German state can proceed no more rapidly than the development of rational political concepts among the Germans and the habituation of the German citizenry to democratic practices. It must be contingent upon the accomplishment of Allied objectives for Germany and continued four-power harmony and cooperation. The stakes are high. Failure would mean a serious set-back, success a major triumph, in the consolidation of a new and peaceful Europe.

The Record of the Week

'The American Press Associations: An Opportunity and Responsibility

BY ASSISTANT SECRETARY BENTON

[Released to the press April 1]

I am going to talk tonight about the Associated Press and its role in the post-war world.

I am going to make some direct charges about the Board of the Associated Press that are painful to make and may not be pleasant to hear. These explain why the AP Board have not lived up to their responsibility to the people of the United States by their decision to prohibit the use of their service in our short-wave voice broadcasting—a decision which precipitated the same action by the United Press.

This is not a private or personal squabble between me and Robert McLean, President of the AP, or Kent Cooper, whom I do not know, or the AP Board of Directors. Nor is this merely a controversy between the AP Board and the United States Government. Nor is it a case of opposition by the AP to the State Department's proposed program of information and cultural exchanges in foreign countries, for Mr. McLean has publicly endorsed our entire proposed nine-point program with the exception of one—short-wave broadcasting—and his exception deals only with about 15 to 20 percent of our short-wave broadcasting output.

The framework is the emergence of a great new problem and responsibility that is an integral part of the startling new world in which we live. My criticisms do not reflect on the honor or integrity of the members of the Board of Directors of the AP. I am glad that Mr. Sulzberger, one of the moving forces of the AP, is here tonight, and I have been invited to meet with the whole Board

on April 17. Nor do my criticisms reflect on the Board's judgment, in the conventional sense, as businessmen and newspapermen and keen builders of a great news service.

Boiled down, my criticisms are that the AP Directors have allowed certain considerations to determine their decision—considerations which may have been valid in a world that no longer exists—in a world which disappeared in the great plumes of atomic flame rising over the New Mexico desert last July—but which should not control such a decision in today's world.

Our privately owned and operated, free, competitive wire services are the finest and most impartial yet developed in this world. Their present program of expansion in service to other countries is an important national asset. The large-scale entrance of the AP into this field is heartening. The State Department should do all it legitimately can to help break down barriers to such expansion and to encourage the free flow of news throughout the world. The three American wire services, both at home and in their activities abroad, are going to have a large hand in deciding whether this is to be a *post-war* world—or a *pre-war* world.

Now for some general observations which apply to all three of the services:

All of the world's communities should be the goal of the AP, the UP, and the INS, instead of just some of them. This goal should include a great increase in the volume of news available to every foreign editor directly from American sources—perhaps as much as the 50,000 words a day laid down by the wire services for many a small American paper.

Address delivered before the New York Newspaper-women's Club in New York, N. Y., on Mar. 31, 1946.

Our American services, if they are to be truly great in fact, must even more energetically explore the latest techniques and technological developments in communications. They must aggressively develop multiple scattered broadcasts, which can simultaneously blanket the whole world at a startlingly low cost.

In their forthcoming book, "Peoples Speaking to Peoples", Llewellyn White and Robert Leigh state, "The British have discovered that the preparation and distribution of upward of fifty thousand words daily to more than three thousand newspaper customers in every part of the world is actually less expensive than Reuter's pre-war point-to-point service to some three hundred metropolitan cities. The French and Russians already have inaugurated similar services, and it is to be hoped that AP, UP, and INS will not permit their pre-war attachment to the older, more "exclusive" higher-profit-per-unit methods to stand in the way of doing their full share in the task of improving understanding among peoples."

Further, if our American wire services are to be great in fact, they must more energetically expand the writing of news specially keyed for foreign readers. Such news would contain explanations and backgrounds which are adapted to the comprehension of people unfamiliar with our customs and laws.

This coverage can emphasize the day-by-day life of the American people as well as the bizarre, the spectacular, or the gory, which may today be the more readily salable. It can tell about the 99 percent of our workers who are *not* on strike, the thirty-odd million youngsters in our schools who are *not* budding gangsters, the 60 million married men and women who are *not* getting divorces. There are millions of Americans who are working to promote religious and racial tolerance.

The OWI and the OIAA pioneered in this type of foreign news service during the war. They had much to learn: and they learned much. Such news tells the foreign reader the American facts which underlie American news and which make it more comprehensible. How can you understand Congress, if you are a Bulgarian, if you have no knowledge of the Constitution and our democratic processes?

Will the wire services in this post-war world more energetically pursue the development of their service to foreign countries? Will they rec-

ognize the great need for its improvement? Will they show more positively that they are aware of today's startling new world, its implications and its needs? I am going to quote Mr. Sulzberger's newspaper on those implications and needs. These words appeared on that unforgettable day after the world learned of the existence and use of the atomic bomb. Of all the millions of words written, I think none are more powerful than these, taken from a *New York Times* editorial:

"But in the bewilderment that such a stupendous announcement must bring, one consequence stands clear. Civilization and humanity can survive only if there is a revolution in mankind's political thinking . . . we must change our accustomed ways of thinking far more rapidly than we have ever had to change them before . . . Wherever the press and information and discussion are free, wherever the facts are known and government is really the choice of a liberated people, that people will want peace and can force its government to keep the peace."

Those are fine words and frank words. But their power is only released when they are translated into action. I commend these words to the Board of Directors of the Associated Press and to Mr. Sulzberger as one of the AP Directors. Can the Board of the AP change its "accustomed ways of thinking"? The task of informing the world about the United States is not only a matter of expansion of an existing business. It is an entirely new job, needing an entirely new viewpoint which involves deep and sympathetic understanding of the direct relationship of such work to the cause of peace. Yes, it involves changing the ways of thinking of the AP Board "far more rapidly than ever before."

Today at Nürnberg and elsewhere war criminals are being tried. They are the former rulers who plunged the world into war. But they might well have been powerless if their peoples had known the truth about the United States. The war was made certain by their lack of knowledge, just as a new war is possible if the same lack of knowledge continues—if the same distortions about us are not combated with the truth.

The peoples of the world did not know we were powerful—powerful beyond their wildest dreams of their own power. They were told we were weak and divided, our economy out of kilter, our people starving—and they believed it.

They were told we were soft and flabby, wishy-washy and scared—and they believed it.

They were told, above all, that the American system is no good, that it doesn't work, that democracy is hypocrisy and so-called "freedom" a joke. They were told that our leaders—government, industrial, labor, and press—were scoundrels, that our culture was semi-barbaric, our ideals tainted, our morals base. And they believed all this.

Now, I have not come here tonight to tell you that the Associated Press and the United Press and International News Service have the responsibility to provide a comprehensive program of information, knowledge, and cultural interchange for the rest of the world abroad. The American people have that responsibility themselves through their government. To the extent that the wire services voluntarily participate in this program, they share that responsibility with the rest of the American people.

Their responsibility takes two forms. The first is to expand their volume and coverage and greatly improve their newsfiles. This, I believe, they will find is good business. The second is not to oppose or hamper the conduct of the balance of the program because of outmoded thinking and baseless fears. The AP and UP are now hampering the conduct of foreign policy of the United States in the government's operation of the vital international voice broadcasting.

The AP Board charged, "that Government cannot engage in newscasting without creating the fear of propaganda which necessarily would reflect upon the objectivity of the news services from which such newscasts are prepared."

You will note that the Board did not charge that newscasting was propaganda. They merely raised the fear of propaganda. Are these programs in fact propaganda?

Roscoe Drummond, chief of the Washington Bureau of the *Christian Science Monitor*, and one of the capital's most respected correspondents, reported last week that he had just read 60,000 words from the scripts of our short-wave broadcasts, over a representative 48-hour period when important news was breaking. "The State Department," Mr. Drummond concludes, "is performing a needed, intelligent, and notably objective job in its news radiocasting to foreign countries . . . Its purpose, as evidenced by the radiocasts themselves, is not to wage an aggressive propaganda war

around the world, but to present to distant peoples, who often have little access to world news and less to American news, a faithful, factual, balanced day-to-day report about what they can't afford not to know from the United States."

Thus, if it isn't propaganda that is the worry of the AP Board, what is it? The AP Board charges that our broadcasting will be *labelled* propaganda by many people abroad, even if it isn't, because of the Government's sponsorship. They charge that this label will reflect upon the AP reports quoted in the broadcasts.

Before the war many a foreign government corrupted its national wire service through subsidies and otherwise. Such corruption often made these services more propaganda services than news services. The AP Board argued that it didn't want to risk any such suspicion cast upon itself.

The idea that the United States Government would in fact influence or corrupt the AP service is manifestly absurd. Any government official who attempted it would be ridden out of government by the press and by the Congress. Thus the alleged problem is purely one of fear and not of fact. Is the fear justified? And is the allegation the real explanation? Is there more here than appears on the surface in the AP's brief statement?

I do not believe the alleged fear is justified. The AP can find other and better ways to prove to the world that it is independent of government control. Doesn't its daily file prove it? Surely the AP can develop enough skill in salesmanship to meet this alleged sales resistance. The INS is finding other ways. Such better ways can help show the world what we mean by a free press here in this country. In educating the AP customers to the fact it can treat the United States Government as a customer, without corrupting itself, the AP can help educate the world on the Bill of Rights. Further, this is in the best long-run interests of the Associated Press, as well as those of the people of the United States.

If you in this audience had exposed yourself to this problem, as I have, it wouldn't take you long to find out that there were other and powerful factors which motivated the action of the Board of the Associated Press, in addition to its allegation.

Let's look at the first unacknowledged reason. It was plain dislike of government—an attitude of "if it's the government, I'm against it." I too

dislike bureaucracy and red tape. I too fear excesses by government officials. But there are a good many people who go much farther than that. They don't like anything about government that concedes its responsibilities or its authority. They welcome any opportunity to take a crack at it—at any level of the anatomy. They do not distinguish between legitimate partisanship on broad domestic issues and the problems abroad which involve our national security and which all of us Americans share in common.

This is precisely the way some of the AP Directors felt, even if subconsciously. When this matter came up, the Board lunged out blindly, partly because it was the U. S. Government with which they were dealing. You will note that they have not yet lunged out at foreign-government-controlled radio—such as the Canadian Broadcasting Corporation, BBC, Radio Bogotá, or the Russian Tass—all of which they supply with their service. Will they please explain to all of us their justification, from the standpoint of the issues under discussion this evening, for providing their service to the Russian Government and the British Government, but not to their own?

The listener in Bulgaria today who cannot get AP service in his newspaper cannot get it from the Voice of America broadcasts either. But the British, the Italians, and the Russians can tell him that, if he wants AP service, he can get it by listening to them. The AP itself has put the unjustified taint of propaganda on the Voice of America broadcasts.

Now for the second unacknowledged reason for the decision of the AP Board. This was perhaps more powerful. It was the fear of competition. Some of the Board members who made the decision persisted in fearing that the Government was going to operate a rival wire service. They didn't want this Government competition. I didn't want it either. I was in process of killing off the Morse Code service, which was developed by the war agencies and which was in fact competitive. A phone call to me from the AP would have determined this.

A second kind of competition which they feared is that old bogey, voice broadcasting of news. That fear on the part of many newspaper publishers goes back many, many years.

I don't need to remind you of the devices that newspapers discussed to stop the advance of domes-

tic radio. Many tried to get together to stop listing radio programs in their papers. Many tried to keep news from being broadcast, by refusing news service to radio stations. Many tried to keep broadcasting stations from announcing any news before it had appeared on the streets in their papers.

Well, what happened? Radio went on, built up its invaluable news broadcasting—and more newspapers were sold than ever. Radio did not cut into newspaper circulation. It actually stimulated interest in reading the newspapers. It obtained new readers for them, just as it developed new fans for baseball and the opera.

Now the old bogey is arising again in the field of newscasts outside the United States. Some of the same men are riding the same old wooden sawbuck. They fear that voice broadcasting will be pirated and will interfere with their signing up foreign newspapers for their wire service. This fear is just as unwarranted as it ever was, and it will end in the same way.

My own judgment is that the BBC broadcasts are promotion for Reuters. Surely the Russians believe that their broadcasts are promotion for Tass. Can the Voice of America broadcasts possibly be competitive to the AP, the UP, and the INS? When the listener in Iran, into which no American wire service goes, learns to listen to the Voice of America he will want to read American news in his papers. His papers are more likely to buy the AP—if the UP or the INS don't get there first. If there is some pirating, it will make it easier, and not more difficult, for the salesman to walk in and land the contract. Our experience in Latin America demonstrates this.

Now we come to the third unacknowledged reason for the AP's cancellation of its service to the Government—the rivalry between the wire services themselves. I think this may have had more to do with the decision than anything else.

For many years the United Press had maintained an extensive service to foreign countries. In selling its service the UP has had to compete with Reuters, Havas, Domei, DNB, Stefani, the AP, and other services. One of the main selling points of the UP has been its complete independence of government and of cartel deals.

Because of its virtue, as well as its product and its skill in selling, the UP prospered in market after market. It showed the AP its foreign heels.

Now, the Associated Press is developing in many new foreign markets. It needs sales arguments and will have them, particularly if it can get the jump on the UP. It wants to show that the AP is virtuous too. The State Department seemed an easy punching bag for a quick sales advantage.

These three unacknowledged reasons, I believe, largely motivated the AP executive staff and Board. Many members of the Board were unconscious of the full motivations themselves. They acted on inadequate data from their staff. They allowed unwarranted or outmoded fears, pride and prejudice, and minor immediate commercial considerations to direct a decision against their own best long-run interests.

My mail shows that many forward-looking, intelligent editors and publishers of America have learned enough about the problem I have discussed this evening to oppose the action of the AP Board. Many are increasingly alert to the necessity of transmitting information about our country overseas. If all the facts were known and understood by the AP membership and if a fair vote could be taken, I am confident that this vote would repudiate the actions of the AP Board. The New York State Publishers' Association, not long ago, voted unanimously in favor of the State Department information program. So did the Kentucky Press Association. These are the only two that have voted.

I have hopes that the Board of the AP will take the time to understand the issues. If it does, I am sure a formula can be developed which will again make the AP service available to the American people through their Government for overseas broadcasting. The Government must go to any reasonable length to reassure the Board on the integrity of its operation and the protection of the AP service from unwarranted or harmful charges.

Consider the AP's stated reason for withdrawing its service and the three unstated reasons I have added. Combine them into a total—the Four Fears of the Board of the Associated Press—fear of a propaganda label, fear of government, fear of competition, and fear of the sales ability of other services. Lay these Four Fears along side the statement of the *New York Times*: "Civilization and humanity can survive only if there is a revolution in mankind's political thinking." Then ask yourselves whether the action of the directors of the Associated Press is of the kind that will help civilization and humanity to survive.

Where the alternatives are, on the one hand, the greatest threat of mass obliteration the world has ever known, and on the other the necessity for the greatest and quickest spread of understanding among the peoples of the world that has ever been attempted, can this action be called living up to the responsibility of a free press in the post-war world?

TRADE PROPOSALS—Continued from page 564

trade and investment in accordance with comparative efficiencies of production.

"3. Signatory nations will make arrangements, both individually and collaboratively under the general sponsorship of the Economic and Social Council of the United Nations Organization, for the collection, analysis, and exchange of information on employment problems, trends, and policies.

"4. Signatory nations will, under the general sponsorship of the Economic and Social Council, consult regularly on employment problems and hold special conferences in case of threat of widespread unemployment."

Such an undertaking, if accepted by this and

by other nations, will supplement and reinforce the pledge made by the members of the United Nations "... to take joint and separate action in cooperation with the Organization for the achievement of ... higher standards of living, full employment, and conditions of economic and social progress and development". It will provide the basic framework under which this pledge can be implemented. It recognizes the essential fact that the problem of wide-spread unemployment and of international trade and finance are inseparably related, and that solutions for such problems must be sought through mutually consistent and collaborative measures which give due recognition to the interests of all nations.

Enforcement Program Against Dealing With Persons and Firms on Proclaimed List

[Released to the press March 29]

Statement by the Department of State

It is and will continue to be the avowed policy of this Government to apply a vigorous enforcement program against dealing with persons and firms on the Proclaimed List of Certain Blocked Nationals. Failure to obtain a Treasury license before engaging in trade or communication with such persons and firms constitutes a violation of the Trading with the Enemy Act and regulations issued thereunder and subjects the offender to severe penalties. Recent revisions of the Proclaimed List do not in any way lessen the obligations of persons and firms subject to the jurisdiction of the United States to observe all the regulations relating to the List.

It already has been pointed out that many of the recent deletions from the Proclaimed List were made as a result of the changed security situation and that such deletions did not by any means imply that all deleted firms now are satisfactory representatives for American business. In this connection, American businessmen are cautioned not to establish or resume commercial or financial

relations abroad with ex-Proclaimed List nationals before checking with the Commercial Intelligence Branch of the Department of Commerce as to the desirability of such relations. Business connections with former Proclaimed List individuals and firms, except those who have been deleted from the Proclaimed List without prejudice, would have to be a factor considered in cases arising for the protection of American interests abroad. While our Government always will protect the legitimate rights and interests of American business abroad, it would not wish to take any action which would assist those who formerly had worked against our vital national interests and who might do so again if opportunity offered.

The Department of Commerce is prepared to supply information about the local standing of persons and firms, including those previously listed, and to submit detailed information about the suitability of these and other foreign firms and individuals as trade connections from a commercial and mercantile standpoint.

Made on behalf of the Government agencies concerned with the Proclaimed List of Certain Blocked Nationals.

Amendments to U. S.-U. K. Patent Interchange Agreement

[Released to the press March 29]

On March 27, 1946, the Governments of the United States and of the United Kingdom reached agreement on amendments to the Patent Interchange Agreement of August 24, 1942. The amended agreement was signed by Dean Acheson, Acting Secretary of State, and Lord Halifax, the British Ambassador.

Under the terms of the Patent Interchange Agreement, the United States agreed, pursuant to the authority of the Lend-Lease Act, to furnish Great Britain with licenses under American-owned British patents for use in war production,

and, similarly, Great Britain agreed to furnish to the United States licenses under British-owned American patents.

The amendments are intended to avoid post-war infringement litigation arising out of each government's use in war production of patents owned by nationals of the other government. The amendments contain provisions describing, clarifying, and implementing the indemnities of the two governments, and incorporate into the Patent Interchange Agreement provisions which meet practical problems which presented themselves during the conduct of operations under this agreement during the war.

U.S.-U.K. Agreements on Lend-Lease, Reciprocal Aid, and Surplus War Property

[Released to the press March 27]

On December 6, 1945 the Governments of the United States and of the United Kingdom reached agreement on settlement of lend-lease, reciprocal aid, surplus war property, and claims.¹ The texts of the agreements were mutually accepted on March 27, 1946 by the two Governments in a memorandum signed by Dean Acheson, Acting Secretary of State, and the Earl of Halifax, British Ambassador to the United States.

The agreements cover the following subjects:

1. *Agreement I—Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangements.* This agreement covers the delivery of the lend-lease and reciprocal aid "pipe-line" after V-J Day, consisting generally of goods in process of procurement or delivery on that date. The "pipe-lines" are to be paid for on the basis of actual costs. The bills will be accumulated and, together with the net amount of claims indicated in agreement II, will be offset against each other to determine part of the amount due to the United States in the settlement.

2. *Agreement II—Settlement of Intergovernmental Claims.* This agreement lists the heretofore unsettled claims of each Government accepted by the other, arising out of the war, and provides for waiver of all other unsettled war claims between the two Governments.

3. *Agreement III—Civilian Holdings.* This agreement transfers title to lend-lease stocks held by the United Kingdom civilian authorities and reciprocal-aid stocks held by the United States civilian authorities on V-J Day, both of which are to be paid for as part of the \$650,000,000 settlement provided in the joint statement of December 6, 1945.

4. *Agreement IV—Military Holdings.* This agreement covers the lend-lease stocks held by the

United Kingdom armed forces (except petroleum, ships, and non-combat aircraft) and reciprocal-aid stocks held by the United States armed forces. The United States retains full recapture rights, but has indicated that it does not intend generally to exercise these rights. The United Kingdom is responsible for making arrangements for returns requested by the United States. United States consent must be obtained for any transfers of such holdings for military use to third governments and for diversions for civilian use in countries outside the United Kingdom and its colonial dependencies. Comparable provisions as to recapture rights and military retransfers cover reciprocal-aid stocks held by the United States military forces.

5. *Agreement V—Lend-Lease Aircraft (Non-Combat) and Spares.* This agreement transfers title to specified lend-lease transport-type aircraft (and spares) retained by the United Kingdom for military and civilian use, and provides for leasing additional transport aircraft. Payment will be made as part of the \$650,000,000 settlement provided in the joint statement of December 6, 1945. Other transport aircraft are to be returned to the United States. Combat aircraft are governed by the Military Holdings Agreement, no. IV.

6. *Agreement VI—Petroleum.* This agreement defines the United States lend-lease share of petroleum stocks held by the United Kingdom and the United Kingdom reciprocal-aid share of stocks held by the United States authorities. Each government may withdraw specified amounts of petroleum products from its share of stocks for use by its military forces without payment to the other. Title to lend-lease stocks other than those reserved for withdrawal by United States authorities is transferred to the United Kingdom. Similarly United Kingdom reciprocal-aid stocks are transferred to the United States authorities. Payment for stocks so transferred will be made as part of the \$650,000,000 settlement provided in the joint statement of December 6, 1945.

For complete texts of the agreements, see Department of State press release 195 of Mar. 26, 1946.

¹ BULLETIN of Dec. 9, 1945, p. 910.

7. Agreement VII—*Lend-Lease and Reciprocal Aid Installations*. Each Government acquires the lend-lease or reciprocal-aid component of installations located within its territory. Payment for installations so acquired will be made as part of the \$650,000,000 settlement provided in the joint statement of December 6, 1945. Each agrees that in the use and disposition of such installations, it will not discriminate against the nationals of the other Government. Lend-lease installations in third countries are to be disposed of by mutual agreement.

8. Agreement VIII—*United States Army and Navy Surplus Property and Surplus Installations in the United Kingdom*. This agreement transfers to the United Kingdom, subject to certain restrictions, all United States Army and Navy surpluses in the United Kingdom. Payment for such surpluses will be made as part of the over-all financial settlement provided in the joint statement of December 6, 1945.

9. Agreement IX—*Tort Claims*. The United Kingdom has agreed to process damage claims arising before December 31, 1949 against the United States resulting from the presence of United States forces in the United Kingdom, thereby relieving our Army and Navy of the necessity of maintaining large claims commissions there. The United States has made a similar undertaking as to claims against the United Kingdom arising before February 28, 1946. The amounts paid by each Government will be included in the offset provided by agreement no. I.

Can Japan Become a Democracy?

On March 23 the question of whether Japan can become a democracy was discussed on the NBC University of the Air series entitled "Our Foreign Policy." Participants in the broadcast were Senator William F. Knowland, member of the Mead Committee; George Atcheson, Jr., Political Adviser to the Supreme Commander of the Allied Powers in Japan; and Brig. Gen. George F. Shulgen, Deputy Director of the Civil Affairs Division of the War Department.

For text of the broadcast see Department of State press release 182 of March 23.

U. S. Supports Italy's Entrance Into World Fund and Bank

Some of the reasons for United States support of Italy's entrance into the World Fund and Bank, which was announced on March 14 from the Monetary Conference in session near Savannah, Georgia, were explained on Saturday, March 16, by an official of the State Department. Italian membership, he said, is entirely in the interest of all Europe; we cannot get Europe back on her feet without getting Italy back too. Any recovery on the part of 45,000,000 Italians is greatly in the world's interest, and membership in the Bank and Fund would speed that recovery. While the United States has publicly announced its support of Italy's application as well as those of Syria and Lebanon, Greece has protested proposed Italian membership. This will, according to rule, be investigated by executive directors.

Although certain European countries want reparation payments from Italy, the United States holds to principle that, while the country is liable to reparations, actual payments should be limited to token amounts. It is pointed out that Italy has always been weak and became weaker during the Fascist regime through its totalitarian form of government and its military ventures. When Italy surrendered and entered the war on the side of the Allies, a large burden was placed upon her. She contributed to the war effort with supplies and suffered a considerable drain on her economy. Although there is a large charge against Italy for the civilian supply program—feeding of civilians, et cetera—the country rendered considerable service as a co-belligerent, fighting two years on the Allied side.

Customs

Brazil—Venezuela

The *modus vivendi* for most-favored-nation customs treatment, signed between Brazil and Venezuela on June 11, 1940, will remain in effect until September 27, 1946.

The Greek Elections

[Released to the press March 31]

Statement released to the press simultaneously in Athens, London, Paris, and Washington by the Chiefs of the Allied Mission to Observe the Elections in Greece, Ambassador Henry F. Grady of the United States, Gen. Arnauld Laparra of France, and Mr. R. T. Windle of the United Kingdom.

For the past month American, French and British observation teams have travelled throughout Greece collecting information and reporting to the Allied Mission on the conditions relative to the holding of elections by the Greek Government on March 31st. These elections have now been held. The judgment of the Mission on whether these elections were fair and free can be reached only after reports from all over Greece, prepared by observer teams on election day and a short

period thereafter, have been collected and evaluated. Before complete information is at hand, any conjectures by the Mission would be premature.

In order to insure the availability of all pertinent material, the week following the elections will be used for the preparation of the fully documented report of the Allied Mission which will be made ready for signature by the three Chiefs of Mission on the night of Wednesday, April 10th. Upon signature the Mission will cable to the American, French and British Governments and will transmit to the Greek Government a summary covering the high lights of this report for release by them simultaneously in Washington, Paris, London and Athens. Original copies of the full signed report will then be transmitted to the Greek Government and to the Governments of the United States, United Kingdom and France.

Air Services Agreement Between UK and Greece

The American Ambassador at London has transmitted to the Secretary of State British Command Paper 6722 containing the text of an agreement between the United Kingdom and Greece relating to air services in Europe. This agreement, which was signed at Athens on November 26, 1945, allots to the United Kingdom two routes between London and Athens, one by way of Vienna and Belgrade, the other by way of Lyon, Marseilles, Genoa, and Naples. Two routes between Athens and London to be operated by Greek airlines are to be designated later.

The body of the agreement follows in most respects the standard form for such agreements recommended by the International Civil Aviation Conference at Chicago. An annex to the agreement embodies a British formula for determining capacity, frequencies, and rates. An important feature of the annex is a provision for a restricted version of the so-called "fifth freedom" privileges,

which allow complete liberty for the transportation of air traffic to and from other countries on long international air routes. Under the terms of the annex the exercise of such privileges requires prior consultation with the other countries along the routes in question with regard to whatever adjustments in the passenger capacity of the airlines may be necessary. The grant of such privileges and any resulting changes in capacity are to be governed by the needs of the territories involved, the adequacy of other air-transport services in them, the economy of through airline operations, and the capacities already allotted under the terms of the agreement.

In a supplementary exchange of notes of the same date the United Kingdom gave formal notice of termination of the convention regarding air transport services signed at Athens May 30, 1939, which the new agreement supersedes.

Air Transport Agreements

AGREEMENT BETWEEN THE UNITED STATES AND GREECE

The Department of State announced on March 29 the conclusion of a bilateral air-transport agreement between the United States and Greece, which was signed in Athens on March 27 by the American Chargé d'Affaires, Karl L. Rankin, and the Greek Minister of Foreign Affairs, Constantine Rendis.

The annex to the agreement provides that authorized United States air services shall obtain rights of transit and non-traffic stop in Greek territory, as well as the right of commercial entry for international traffic at Athens. The United States air route to serve Greece will extend from

the United States to the Middle East via Ireland, France, Switzerland, Italy, Greece, Egypt, Palestine, Iraq, and Saudi Arabia to India. Reciprocal rights are granted to Greek air services to operate to the United States on a route to be determined at a later date.

The new agreement with Greece is based on the standard form drawn up at the Chicago aviation conference, and permits the carriage of so-called "fifth freedom" traffic under the principles set forth in the air-transport arrangement concluded between the United States and the United Kingdom at Bermuda on February 11.

AGREEMENT BETWEEN THE UNITED STATES AND FRANCE

[Released to the press March 27]

The Department of State announced the conclusion of a bilateral air transport agreement between the United States and France, which was signed in Paris at 10:30 a. m., E.S.T., March 27, by the American Ambassador, Jefferson Caffery, and the French Minister of Foreign Affairs, Georges Bidault. The new agreement is substantially similar to the bilateral arrangement concluded between the United States and the United Kingdom at Bermuda on February 11. The body of the agreement includes the so-called "standard provisions" drawn up at the Chicago aviation conference and contains 13 articles which define the conditions under which the scheduled airline services of each country shall be operated between the territories of the United States and France.

The annex to the agreement contains provisions similar to the Bermuda agreement with respect to the carriage of Fifth Freedom traffic, the control of rates, and other factors relating to the operations of scheduled air services.

Schedules 1 and 2 of the annex describe the specific routes to be operated by the airlines of each country. In addition to the reciprocal exchange of transit rights and stops for non-traffic purposes, airlines of the United States are accorded

rights of commercial entry at the following points in French territory: Paris, Marseille, Algiers, Tunis, Dakar, Pointe-Noire, Brazzaville, Guadeloupe, Martinique, French Guiana, New Caledonia, Saigon, and Hanoi. French air services are to have the right of commercial entry at the following points in the United States territory: New York, Washington, Chicago, Boston, the United Nations site, and Puerto Rico.

A protocol signed between representatives of the two Governments at the same time the agreement was concluded provides for certain collateral arrangements and principles in connection with the operation of the agreed routes and services.

The new agreement supersedes a previous air-transport arrangement signed between the two Governments on July 15, 1939, as well as the provisional arrangement for air services entered into by notes exchanged on December 28 and 29, 1945. The new agreement comes into force immediately and is subject to termination on one year's notice.

Assisting Ambassador Caffery in the negotiations at Paris were George P. Baker, Garrison Norton, and Stokeley W. Morgan of the Department of State; L. Welch Pogue, Chairman of the Civil Aeronautics Board; and Mr. Howard B. Bailey, Civil Air Attaché at Paris.

FINAL ACT OF THE CIVIL AVIATION CONFERENCE

Held at Bermuda, January 15 to February 11, 1946

THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

Having decided to hold between themselves a Conference on Civil Aviation,

Appointed their respective delegates who are listed below:—

United States of America

GEORGE P. BAKER (*Chairman of Delegation*), Director, Office of Transport and Communications Policy, Department of State.

HARLEE BRANCH, Member, Civil Aeronautics Board.

JOHN D. HICKERSON, Deputy Director, Office of European Affairs, Department of State.

JOSH B. LEE, Member, Civil Aeronautics Board.

STOKELEY W. MORGAN, Chief, Aviation Division, Department of State.

GEORGE C. NEAL, General Counsel, Civil Aeronautics Board.

GARRISON NORTON, Deputy Director, Office of Transport and Communications Policy, Department of State.

L. WELCH POGUE, Chairman, Civil Aeronautics Board.

OSWALD RYAN, Member, Civil Aeronautics Board.

JOHN SHERMAN, Liaison Consultant, Civil Aeronautics Board.

United Kingdom

SIR HENRY SELF, K.C.M.G., K.B.E., C.B. (*Chairman of Delegation*), Director-General designate of Civil Aviation, Ministry of Civil Aviation.

SIR WILLIAM P. HILDRED, Kt., C.B., O.B.E., Director-General of Civil Aviation, Ministry of Civil Aviation.

W. J. BIGG, Colonial Office.

N. J. A. CHEETHAM, Foreign Office.

L. J. DUNNETT, Ministry of Civil Aviation.

PETER G. MASEFIELD, Civil Air Attache, British Embassy, Washington.

Who met in Bermuda on January 15, 1946.

At the first plenary session, Sir Henry Self was elected Chairman of the Conference and the Conference was divided into two Committees. The members of the Committees and of the Sub-Committees, appointed by the respective Chairmen of the Delegations, are listed below:—

COMMITTEE I

Rates and Traffic

CHAIRMAN: SIR HENRY SELF (United Kingdom)

MEMBERS:

United States

Delegates

George P. Baker

Harlee Branch

Josh B. Lee

Stokeley W. Morgan

George C. Neal

L. Welch Pogue

Oswald Ryan

Advisers

Colonel S. E. Gates

W. John Kenney

Major General L. S. Kuter

Livingston Satterthwaite

Consultants

Harold Bixby

Terrell Drinkwater

Julius C. Holmes

John Leslie

John E. Slater

James H. Smith, Jr.

United Kingdom

Delegates

Sir William Hildred

N. J. A. Cheetham

L. J. Dunnett

P. G. Masefield

Advisers

M. E. Bathurst

Major J. R. McCrindle

Vernon Crudge

Sub-Committee 1—Policy

CHAIRMAN: SIR HENRY SELF (United Kingdom)

MEMBERS:

Delegates

George P. Baker

Stokeley W. Morgan

L. Welch Pogue

Delegate

Sir William P. Hildred

Sub-Committee 2—Drafting

CHAIRMAN: STOKELEY W. MORGAN (United States)

MEMBERS:

Delegate

George C. Neal

Adviser

Colonel S. E. Gates

Delegates

L. J. Dunnett

Peter Masefield

Adviser

M. E. Bathurst

Sub-Committee 3—Routes

CHAIRMAN: L. WELCH POGUE (United States)

MEMBERS :

Delegates

Earle Branch
Josh B. Lee
Stokeley W. Morgan
George C. Neal
Oswald Ryan
John Sherman

Delegates

W. J. Bigg
N. J. A. Cheetham
L. J. Dunnett
P. G. Masefield

Advisers

William Fleming
Colonel S. E. Gates
Major General L. S. Kuter
Commander S. Jurika
Livingston Satterthwaite

Advisers

M. E. Bathurst
Major J. R. McCrindle
Vernon Crudge

Consultants

Farold Bixby
Terrell Drinkwater
Julius C. Holmes
John Leslie
John E. Slater
James H. Smith, Jr.

COMMITTEE II

Ad hoc

CHAIRMAN : L. J. Dunnett (United Kingdom)

Delegates

John D. Hickerson
Stokeley W. Morgan

Delegate

N. J. A. Cheetham

The Final Plenary Session was held on February 11, 1946.

As a result of the deliberations of the Conference, there was formulated an Agreement between the Government of the United Kingdom and the Government of the United States relating to air services between their respective territories, and Annex thereto. (Attached hereto as Appendix I.)

The following resolution was adopted:—

WHEREAS representatives of the two Governments have met together in Bermuda to discuss Civil Aviation matters outstanding between them and have reached agreement thereon,

WHEREAS the two Governments have to-day concluded an Agreement relating to air services between their respective territories (hereinafter called "the Agreement"),

AND WHEREAS the two Governments have reached agreement on the procedure to be followed in the settlement of other matters in the field of Civil Aviation,

NOW THEREFORE the representatives of the two Governments in Conference resolve and agree as follows:—

(1) That the two Governments desire to foster and encourage the widest possible distribution of the benefits of air travel for the general good of mankind at the cheapest rates consistent with sound economic principles; and to stimulate international air travel as a means of promoting friendly understanding and good will among peoples and ensuring as well the many indirect benefits of this new

form of transportation to the common welfare of both countries.

(2) That the two Governments reaffirm their adherence to the principles and purposes set out in the preamble to the Convention on International Civil Aviation signed at Chicago on December 7, 1944.

(3) That the air transport facilities available to the travelling public should bear a close relationship to the requirements of the public for such transport.

(4) That there shall be a fair and equal opportunity for the carriers of the two nations to operate on any route between their respective territories (as defined in the Agreement) covered by the Agreement and its Annex.

(5) That in the operation by the air carriers of either Government of the trunk services described in the Annex to the Agreement, the interest of the air carriers of the other Government shall be taken into consideration so as not to affect unduly the services which the latter provides on all or part of the same routes.

(6) That it is the understanding of both Governments that services provided by a designated air carrier under the Agreement and its Annex shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such air carrier is a national and the country of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in the Annex to the Agreement shall be applied in accordance with the general principles of orderly development to which both Governments subscribe and shall be subject to the general principle that capacity should be related:

- (a) to traffic requirements between the country of origin and the countries of destination;
- (b) to the requirements of through airline operation, and
- (c) to the traffic requirements of the area through which the airline passes after taking account of local and regional services.

(7) That insofar as the air carrier or carriers of one Government may be temporarily prevented through difficulties arising from the War from taking immediate advantage of the opportunity referred to in paragraph (4) above, the situation shall be reviewed between the Governments with the object of facilitating the necessary development, as soon as the air carrier or carriers of the first Government is or are in a position increasingly to make their proper contribution to the service.

(8) That duly authorised United States civil air carriers will enjoy non-discriminatory "Two Freedom" privileges and the exercise (in accordance with the Agreement or any continuing or subsequent agreement) of commercial traffic rights at airports located in territory of the United Kingdom which have been constructed in whole or in part with United States funds and are designated for use by international civil air carriers.

(9) That it is the intention of both Governments that there should be regular and frequent consultation between their respective aeronautical authorities (as defined in the Agreement) and that there should thereby be close collaboration in the observance of the principles and the imple-

mentation of the provisions outlined herein and in the Agreement and its Annex.

IN WITNESS WHEREOF the following Delegates sign the present Final Act.

DONE at Bermuda the eleventh day of February, 1946.

This Final Act shall be deposited in the Archives of the Government of the United Kingdom and a certified copy shall be transmitted by that Government to the Government of the United States of America.

United States of America

George P. Baker
Harlee Branch
Stokeley W. Morgan
George C. Neal
Garrison Norton
L. Welch Pogue
Oswald Ryan
John Sherman

United Kingdom

A. H. Self
W. P. Hildred
W. J. Bigg
L. J. Dunnett
Peter G. Masefield

BILATERAL AIR TRANSPORT AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA RELATING TO AIR SERVICES BETWEEN THEIR RESPECTIVE TERRITORIES.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

Desiring to conclude an Agreement for the purpose of promoting direct air communications as soon as possible between their respective territories,

Have accordingly appointed authorised representatives for this purpose, who have agreed as follows:—

Article 1

Each Contracting Party grants to the other Contracting Party rights to the extent described in the Annex to this Agreement for the purpose of the establishment of air services described therein or as amended in accordance with Section IV of the Annex (hereinafter referred to as "the agreed services").

Article 2

(1) The agreed services may be inaugurated immediately or at a later date at the option of the Contracting Party to whom the rights are granted, but not before (a) the Contracting Party to whom the rights have been granted has designated an air carrier or carriers for the specified route or routes, and (b) the Contracting Party granting the rights has given the appropriate operating permission to the air carrier or carriers concerned (which, subject to the provisions of paragraph (2) of this Article and of Article 6, it shall do without undue delay).

(2) The designated air carrier or carriers may be required to satisfy the aeronautical authorities of the Contracting Party granting the rights that it or they is or are qualified to fulfil the conditions prescribed by or under the laws and regulations normally applied by those authorities to the operations of commercial air carriers.

(3) In areas of military occupation, or in areas affected thereby, such inauguration will continue to be subject, where necessary, to the approval of the competent military authorities.

Article 3

(1) The charges which either of the Contracting Parties may impose, or permit to be imposed, on the designated air carrier or carriers of the other Contracting Party for the

use of airports and other facilities shall not be higher than would be paid for the use of such airports and facilities by its national aircraft engaged in similar international air services.

(2) Fuel, lubricating oils and spare parts introduced into, or taken on board aircraft in, the territory of one Contracting Party by, or on behalf of, a designated air carrier of the other Contracting Party and intended solely for use by the aircraft of such carrier shall be accorded, with respect to customs duties, inspection fees or other charges imposed by the former Contracting Party, treatment not less favourable than that granted to national air carriers engaged in international air services or such carriers of the most favoured nation.

(3) Supplies of fuel, lubricating oils, spare parts, regular equipment and aircraft stores retained on board aircraft of a designated air carrier of one Contracting Party shall be exempt in the territory of the other Contracting Party from customs duties, inspection fees or similar duties or charges, even though such supplies be used by such aircraft on flights within that Territory.

Article 4

Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one Contracting Party and still in force shall be recognised as valid by the other Contracting Party for the purpose of operation of the agreed services. Each Contracting Party reserves the right, however, to refuse to recognise for the purpose of flight above its own territory, certificates of competency and licenses granted to its own nationals by another state.

Article 5

(1) The laws and regulations of one Contracting Party relating to entry into or departure from its territory of aircraft engaged in international air navigation or to the operation and navigation of such aircraft while within its territory shall apply to aircraft of the designated air carrier or carriers of the other Contracting Party.

(2) The laws and regulations of one Contracting Party relating to the entry into or departure from its territory of passengers, crew, or cargo of aircraft (such as regulations relating to entry, clearance, immigration, passports, customs and quarantine) shall be applicable to the passengers, crew or cargo of the aircraft of the designated

air carrier or carriers of the other Contracting Party while in the territory of the first Contracting Party.

Article 6

Each Contracting Party reserves the right to withhold or revoke the exercise of the rights specified in the Annex to this Agreement by a carrier designated by the other Contracting Party in the event that it is not satisfied that substantial ownership and effective control of such carrier are vested in nationals of either Contracting Party, or in case of failure by that carrier to comply with the laws and regulations referred to in Article 5 hereof, or otherwise to fulfil the conditions under which the rights are granted in accordance with this Agreement and its Annex.

Article 7

This Agreement shall be registered with the Provisional International Civil Aviation Organisation set up by the Interim Agreement on International Civil Aviation signed at Chicago on December 7, 1944.

Article 8

Except as otherwise provided in this Agreement or its Annex, if either of the Contracting Parties considers it desirable to modify the terms of the Annex to this Agreement, it may request consultation between the aeronautical authorities of both Contracting Parties, such consultation to begin within a period of sixty days from the date of the request. When these authorities agree on modifications to the Annex, these modifications will come into effect when they have been confirmed by an Exchange of Notes through the diplomatic channel.

Article 9

Except as otherwise provided in this Agreement or in its Annex, any dispute between the Contracting Parties relating to the interpretation or application of this Agreement or its Annex which cannot be settled through consultation shall be referred for an advisory report to the Interim Council of the Provisional International Civil Aviation Organisation (in accordance with the provisions of Article III Section 6 (8) of the Interim Agreement on International Civil Aviation signed at Chicago on December 7, 1944) or its successor.

Article 10

The terms and conditions of operating rights which may have been granted previously by either Contracting Party to the other Contracting Party or to an air carrier of such other Contracting Party shall not be abrogated by the present Agreement. Except as may be modified by the present Agreement, the general principles of the air navigation arrangement between the two Contracting Parties, which was effected by an Exchange of Notes dated March 28 and April 5, 1935, shall continue in force in so far as they are applicable to scheduled international air services, until otherwise agreed by the Contracting Parties.

Article 11

If a general multilateral air Convention enters into force in relation to both Contracting Parties, the present Agreement shall be amended so as to conform with the provisions of such Convention.

Article 12

For the purposes of this Agreement and its Annex, unless the context otherwise requires:

(a) The term "aeronautical authorities" shall mean, in the case of the United States, the Civil Aeronautics Board and any person or body authorised to perform the functions presently exercised by the Board or similar functions, and, in the case of the United Kingdom, the Minister of Civil Aviation for the time being, and any person or body authorised to perform any functions presently exercised by the said Minister or similar functions.

(b) The term "designated air carriers" shall mean the air transport enterprises which the aeronautical authorities of one of the Contracting Parties have notified in writing to the aeronautical authorities of the other Contracting Party as the air carriers designated by it in accordance with Article 2 of this Agreement for the routes specified in such notification.

(c) The term "territory" shall have the meaning assigned to it by Article 2 of the Convention on International Civil Aviation signed at Chicago on December 7, 1944.

(d) The definitions contained in paragraphs (a), (b) and (c) of Article 96 of the Convention on International Civil Aviation signed at Chicago on December 7, 1944 shall apply.

Article 13

Either Contracting Party may at any time request consultation with the other with a view to initiating any amendments of this Agreement or its Annex which may be desirable in the light of experience. Pending the outcome of such consultation, it shall be open to either Party at any time to give notice to the other of its desire to terminate this Agreement. Such notice shall be simultaneously communicated to the Provisional International Civil Aviation Organisation or its successor. If such notice is given, this Agreement shall terminate twelve calendar months after the date of receipt of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by agreement before the expiry of this period. In the absence of acknowledgment of receipt by the other Contracting Party notice shall be deemed to have been received fourteen days after the receipt of the notice by the Provisional International Civil Aviation Organisation or its successor.

Article 14

This Agreement, including the provisions of the Annex hereto, will come into force on the day it is signed.

IN WITNESS whereof the undersigned, being duly authorised thereto by their respective Governments, have signed the present Agreement.

DONE in duplicate this eleventh day of February Nineteen-hundred-and-forty-six at Bermuda.

For the Government of the United States of America

George P. Baker

Harlee Branch

Stokeley W. Morgan

Garrison Norton

L. Welch Pogue

Oswald Ryan

For the Government of the United Kingdom of Great Britain and Northern Ireland

A. H. Self
W. P. Hildred
W. J. Bigg
L. J. Dunnett
Peter G. Masefield

ANNEX

I

For the purposes of operating air services on the routes specified below in Section III of this Annex or as amended in accordance with Section IV hereof, the designated air carriers of one of the Contracting Parties shall be accorded in the territory of the other Contracting Party the use on the said routes at each of the places specified therein of all the airports (being airports designated for international air services), together with ancillary facilities and rights of transit, of stops for non-traffic purposes and of commercial entry and departure for international traffic in passengers, cargo and mail in full accord and compliance with the principles recited and agreed in the Final Act of the Conference on Civil Aviation held between the Governments of the United States and of the United Kingdom at Bermuda from January 15 to February 11, 1946, and subject to the provisions of Sections II and V of this Annex.

II

(a) Rates to be charged by the air carriers of either Contracting Party between points in the territory of the United States and points in the territory of the United Kingdom referred to in this Annex shall be subject to the approval of the Contracting Parties within their respective constitutional powers and obligations. In the event of disagreement the matter in dispute shall be handled as provided below.

(b) The Civil Aeronautics Board of the United States having announced its intention to approve the rate conference machinery of the International Air Transport Association (hereinafter called "IATA"), as submitted, for a period of one year beginning in February, 1946, any rate agreements concluded through this machinery during this period and involving United States air carriers will be subject to approval by the Board.

(c) Any new rate proposed by the air carrier or carriers of either Contracting Party shall be filed with the aeronautical authorities of both Contracting Parties at least thirty days before the proposed date of introduction; provided that this period of thirty days may be reduced in particular cases if so agreed by the aeronautical authorities of both Contracting Parties.

(d) The Contracting Parties hereby agree that where:

(1) during the period of the Board's approval of the IATA rate conference machinery, either any specific rate agreement is not approved within a reasonable time by either Contracting Party or a conference of IATA is unable to agree on a rate, or

(2) at any time no IATA machinery is applicable, or

(3) either Contracting Party at any time withdraws

or fails to renew its approval of that part of the IATA rate conference machinery relevant to this provision, the procedure described in paragraphs (e), (f) and (g) hereof shall apply.

(e) In the event that power is conferred by law upon the aeronautical authorities of the United States to fix fair and economic rates for the transport of persons and property by air on international services and to suspend proposed rates in a manner comparable to that in which the Civil Aeronautics Board at present is empowered to act with respect to such rates for the transport of persons and property by air within the United States, each of the Contracting Parties shall thereafter exercise its authority in such manner as to prevent any rate or rates proposed by one of its carriers for services from the territory of one Contracting Party to a point or points in the territory of the other Contracting Party from becoming effective, if, in the judgment of the aeronautical authorities of the Contracting Party whose air carrier or carriers is or are proposing such rate, that rate is unfair or uneconomic. If one of the Contracting Parties on receipt of the notification referred to in paragraph (c) above is dissatisfied with the new rate proposed by the air carrier or carriers of the other Contracting Party, it shall so notify the other Contracting Party prior to the expiry of the first fifteen of the thirty days referred to, and the Contracting Parties shall endeavour to reach agreement on the appropriate rate. In the event that such agreement is reached each Contracting Party will exercise its statutory powers to give effect to such agreement. If agreement has not been reached at the end of the thirty day period referred to in paragraph (c) above, the proposed rate may, unless the aeronautical authorities of the country of the air carrier concerned see fit to suspend its operation, go into effect provisionally pending the settlement of any dispute in accordance with the procedure outlined in paragraph (g) below.

(f) Prior to the time when such power may be conferred by law upon the aeronautical authorities of the United States, if one of the Contracting Parties is dissatisfied with any new rate proposed by the air carrier or carriers of either Contracting Party for services from the territory of one Contracting Party to a point or points in the territory of the other Contracting Party, it shall so notify the other prior to the expiry of the first fifteen of the thirty day period referred to in paragraph (c) above, and the Contracting Parties shall endeavour to reach agreement on the appropriate rate. In the event that such agreement is reached each Contracting Party will use its best efforts to cause such agreed rate to be put into effect by its air carrier or carriers. It is recognised that if no such agreement can be reached prior to the expiry of such thirty days, the Contracting Party raising the objection to the rate may take such steps as it may consider necessary to prevent the inauguration or continuation of the service in question at the rate complained of.

(g) When in any case under paragraphs (e) and (f) above the aeronautical authorities of the two Contracting Parties cannot agree within a reasonable time upon the appropriate rate after consultation initiated by the complaint of one Contracting Party concerning the proposed rate or an existing rate of the air carrier or carriers of the other Contracting Party, upon the request of either, both

Contracting Parties shall submit the question to the Provisional International Civil Aviation Organisation or to its successor for an advisory report, and each Party will use its best efforts under the powers available to it to put into effect the opinion expressed in such report.

(h) The rates to be agreed in accordance with the above paragraphs shall be fixed at reasonable levels, due regard being paid to all relevant factors, such as cost of operation, reasonable profit and the rates charged by any other air carriers.

(j) The Executive Branch of the Government of the United States agrees to use its best efforts to secure legislation empowering the aeronautical authorities of the United States to fix fair and economic rates for the transport of persons and property by air on international services and to suspend proposed rates in a manner comparable to that in which the Civil Aeronautics Board at present is empowered to act with respect to such rates for the transport of persons and property by air within the United States.

III

(a) ROUTES TO BE SERVED BY AIR CARRIERS OF THE UNITED KINGDOM (In both directions; stops for non-traffic purposes omitted)

Point of Departure	Intermediate Points	Destination in U. S. Territory	Points Beyond
<i>(Any one or more of the following)</i>	<i>(Any one or more of the following, if desired)</i>	<i>(Any one or more of the following, if desired)</i>	<i>(Any one or more of the following, if desired)</i>
1. London		New York	San Francisco and the points on Route 7.
2. London Prestwick	Shannon Iceland Azores Bermuda Gander Montreal	New York Chicago Detroit Philadelphia Washington Baltimore Boston	
3.*London Prestwick	Shannon Iceland Azores Bermuda Gander Montreal	New York	(a) New Orleans Mexico City (b) Cuba Jamaica Panama A point in Colombia A point in Ecuador Lima Santiago
4. Bermuda		Baltimore Washington New York	Montreal
5.*Trinidad British Guiana Jamaica British Honduras	Tobago Barbados Grenada St. Vincent St. Lucia Antigua St. Kitts St. Thomas San Juan Ciudad Trujillo Port-au-Prince Jamaica Cuba Nassau Bermuda	Miami	

See footnote at end of table.

(a) ROUTES TO BE SERVED BY AIR CARRIERS OF THE UNITED KINGDOM—Continued

Point of Departure	Intermediate Points	Destination in U. S. Territory	Points Beyond
<i>(Any one or more of the following)</i>	<i>(Any one or more of the following, if desired)</i>	<i>(Any one or more of the following, if desired)</i>	<i>(Any one or more of the following, if desired)</i>
6. Nassau Cat Cay		Miami Palm Beach	
7. Singapore Hong Kong	Manila Guam Wake Midway Honolulu	San Francisco	

(b) ROUTES TO BE SERVED BY AIR CARRIERS OF THE UNITED STATES
(In both directions; stops for non-traffic purposes omitted)

1. *Chicago Detroit Washington Philadelphia New York Boston Baltimore	Gander Greenland Iceland Shannon	London Prestwick	Amsterdam Helsinki Copenhagen Stavanger Oslo Stockholm Warsaw Berlin Frankfurt Moscow Leningrad Points in the Baltic countries
2. *New York Chicago Philadelphia Baltimore Washington Boston Detroit	Gander Greenland Iceland Shannon	London Prestwick	Brussels Munich Prague Vienna Budapest Belgrade Bucharest Istanbul Ankara A point in Iran Beirut A point in Syria A point in Iraq A point in Afghanistan Karachi Delhi Calcutta
3. *Chicago Detroit Washington New York Boston Baltimore Philadelphia	Gander Shannon Greenland Iceland Paris A point in Switzerland Rome Athens Cairo	Lydda	A point in Iraq Dhahran Bombay Calcutta A point in Burma A point in Siam A point or points in Indo-China A point or points in China

See footnote at end of table.

(b) ROUTES TO BE SERVED BY AIR CARRIERS OF THE UNITED STATES—Continued

Point of Departure	Intermediate Points	Destination in U. K. Territory	Points Beyond
(Any one or more of the following)	(Any one or more of the following, if desired)	(Any one or more of the following, if desired)	(Any one or more of the following, if desired)
4. Chicago Detroit Washington New York Boston Baltimore Philadelphia	Gander Azores Lisbon (a) Algiers Tunis Tripoli Benghazi Cairo (b) Madrid Rome Athens Cairo	Lydda	From Lydda to points beyond as described in Route 3.
5. New York Chicago Detroit Washington Philadelphia Boston Baltimore	Gander Bermuda Azores	London	(From the Azores) Lisbon Barcelona Marseilles
6. *San Francisco Los Angeles	Honolulu Midway Wake Guam Manila	Hong Kong	Macao A point or points in China A point or points in Indo-China A point or points in Siam A point or points in Burma Calcutta
7. *San Francisco Los Angeles	Honolulu Midway Wake Guam Manila A point or points in Indo-China	Singapore	Batavia
8. New York Washington Baltimore		Bermuda	
9. Miami Palm Beach		Cat Cay Nassau	
10. Miami	Points in Cuba	Jamaica	(a) Baranquilla via South American points to Balboa (b) Baranquilla via South American points to Trinidad
11. New Orleans Houston	Points in Cuba	Jamaica	Aruba South American points
12. New York Miami	Camaguey Port au Prince Ciudad Trujillo San Juan Saint Thomas Point a Pitre Fort de France	Antigua St. Lucia Trinidad British Guiana	Via South American points to Buenos Aires

See footnote at end of table.

(b) ROUTES TO BE SERVED BY AIR CARRIERS OF THE UNITED STATES—Continued

Point of Departure	Intermediate Points	Destination in U. K. Territory	Points Beyond
<i>(Any one or more of the following)</i>	<i>(Any one or more of the following, if desired)</i>	<i>(Any one or more of the following, if desired)</i>	<i>(Any one or more of the following, if desired)</i>
13. New York	(a) Azores Dakar Monrovia (b) San Juan Trinidad British Guiana Belem Natal Monrovia Ascension Island	Accra or Lagos	Leopoldville Johannesburg

*Notice will be given by the aeronautical authorities of the United States to the aeronautical authorities of the United Kingdom of the route service patterns according to which services will be inaugurated on these routes.

IV

(a) Amendments made by either Contracting Party to the routes described in Section III of this Annex which change the points served in the territory of the other Contracting Party will be made only after consultation in accordance with the provisions of Article 8 of this Agreement.

(b) Other route changes desired by either Contracting Party may be made and put into effect at any time, prompt notice to that effect being given by the aeronautical authorities of the Contracting Party concerned to the aeronautical authorities of the other Contracting Party. If such other Contracting Party finds that, having regard to the principles set forth in paragraph (6) of the Final Act of the Conference referred to in Section I of this Annex, the interests of its air carrier or carriers are prejudiced by the carriage by the air carrier or carriers of the first Contracting Party of traffic between the territory of the second Contracting Party and the new point in the territory of a third country it shall so inform the first Contracting Party. If agreement cannot be reached by consultation between the Contracting Parties, it shall be open to the Contracting Party whose air carrier or carriers is or are affected to invoke the provisions of Article 9 of this Agreement.

(c) The Contracting Parties will, as soon as possible after the execution of this Agreement and from time to time thereafter, exchange information concerning the authorisations extended to their respective designated air carriers to render service to, through and from the territory of the other Contracting Party. This will include copies of current certificates and authorisations for service on the routes which are the subject of this Agreement, and for the future such new certificates and authorisations as may be issued, together with amendments, exemption orders and authorised service patterns.

V

(a) Where the onward carriage of traffic by an aircraft of different size from that employed on the earlier stage of the same route (hereinafter referred to as "change of gauge") is justified by reason of economy of operation, such change of gauge at a point in the territory of the United Kingdom or the territory of the United States, shall not be made in violation of the principles set forth in the Final Act of the Conference on Civil Aviation held at Bermuda from January 15 to February 11, 1946 and, in particular, shall be subject to there being an adequate volume of through traffic.

(b) Where change of gauge is made at a point in the territory of the United Kingdom or in the territory of the United States, the smaller aircraft will operate only in connection with the larger aircraft arriving at the point of change, so as to provide a connecting service which will thus normally wait on the arrival of the larger aircraft, for the primary purpose of carrying onward those passengers who have travelled to United Kingdom or United States territory in the larger aircraft to their ultimate destination in the smaller aircraft. Where there are vacancies in the smaller aircraft such vacancies may be filled with passengers from United Kingdom or United States territory respectively. It is understood however that the capacity of the smaller aircraft shall be determined with primary reference to the traffic travelling in the larger aircraft normally requiring to be carried onward.

(c) It is agreed that the arrangements under any part of the preceding paragraphs (a) and (b) shall be governed by and in no way restrictive of the standards set forth in paragraph (6) of the Final Act.

A H S.	G. P. B.
W. P. H.	H. B.
L. J. D.	S. M.
P. G. M.	G. N.
W J B.	L W P
	O R

HEADS OF AN AGREEMENT FOR USE BY CIVIL AIRCRAFT OF NAVAL AND AIR BASES IN AREAS LEASED TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA UNDER AN AGREEMENT WITH THE GOVERNMENT OF THE UNITED KINGDOM, DATED MARCH 27, 1941.

WHEREAS, by Agreement of March 27, 1941, (hereinafter referred to as "the Bases Agreement") the Government of the United Kingdom of Great Britain and Northern Ireland agreed to lease for military purposes to the Government of the United States exclusively certain areas in the Western Hemisphere in which naval and air bases have been constructed with full and continuing rights of military use and control thereof for a period of 99 years as specified in the Agreement; and

WHEREAS, Article XI(5) of the said Agreement provides that "commercial aircraft will not be authorised to operate from any of the Bases (save in case of emergency or for strictly military purposes under supervision of the War or Navy Departments) except by agreement between the United States and the Government of the United Kingdom, provided that in the case of Newfoundland such agreement shall be between the United States and the Government of Newfoundland"; and

WHEREAS, the Governments of the United States and of the United Kingdom desire, in order to facilitate the development of air transportation, at this time to arrange for the air Bases to be available for use by civil aircraft on the conditions hereinafter stated without interfering with, restricting or limiting the present military rights of, or continued military use by, the United States of the Bases in accordance with the said agreement;

Now THEREFORE, it is agreed as follows :

Article I

The air bases (hereinafter referred to as "the Bases") leased to the United States pursuant to the Bases Agreement will be open for use by civil aircraft wherever such use will contribute to the overall development of civil aviation along sound economic lines.

(a) In accordance with the above principles the following Bases will be open for regular use by civil aircraft :

Kindley (Bermuda)
Coolidge (Antigua)
Beane (St. Lucia)
Atkinson (British Guiana)

(b) The following Bases which are situated in territories where adequate civil airports now exist, will be open for use by civil aircraft only as bad weather alternates until such time as agreement is reached that experience or other developments indicate the need for their regular use by civil aircraft :

Carlson (Trinidad)
Waller (Trinidad)
Vernam (Jamaica)

The circumstances in which the said Bases will be used as bad weather alternates will be determined in the light

of any rules established by the *Provisional International Civil Aviation Organisation*, or its successor, or in the absence of such rules by further discussion between the two Governments.

Article II

So long as the United States and the United Kingdom are parties to the International Air Services Transit Agreement signed at Chicago on December 7, 1944, the civil aircraft of all countries parties to that Agreement may use the Bases for non-traffic purposes in accordance with the provisions of Section I of Article I of that Agreement. In view of the special circumstances in the case of these Bases, countries which are not parties to that Agreement but which are parties to bilateral agreements either with the United Kingdom or with the United States providing for the privileges specified in the said Agreement may utilize the Bases only with the concurrence of both the United Kingdom and the United States.

Article III

(a) Any duly authorised United States civil air carrier utilising the Bases shall be entitled, without prejudice to the principles of cabotage, and in view of the special circumstances in connection with the Bases, to carry between the Bases referred to in Article I (a) hereof :

(i) United States Government sponsored passengers (and their personal effects) travelling at the expense of the Government of the United States or on business directly connected with the Bases or with United States personnel at the Bases; and

(ii) Cargo carried at the expense of the Government of the United States.

(b) The exercise of the privileges granted in these Heads of Agreement shall be without prejudice to rights (together with any extensions thereof) which may have been granted by the Government of the United Kingdom (or any of the Colonial Governments concerned) to any United States civil air carrier. In view of the special circumstances in the case of the Bases, the Government of the United Kingdom will not grant civil air carriers of third countries utilizing these Bases traffic rights incident to the use of these Bases beyond the extent that such third countries have granted corresponding rights (though not necessarily on the same routes as those operated by the air carriers of the third countries concerned) in their respective countries to the civil air carriers of the United States.

(c) No other civil air carrier, including civil air carriers of the United Kingdom, will be granted any greater or different traffic rights at the Bases than are granted to United States civil air carriers at such Bases, provided that United States civil air carriers shall not, by reason of

this provision, be entitled to claim the right to carry cabotage traffic between any two points in the territory (as defined in Article 2 of the Convention on International Civil Aviation signed at Chicago on December 7, 1944) of the United Kingdom (except to the limited extent provided in paragraph (a) of this Article) nor shall civil air carriers of the United Kingdom be precluded from carrying cabotage traffic between the Bases concerned so long as United States civil air carriers are entitled to exercise traffic rights at those Bases.

(d) For the purposes of this Article, the term "civil air carriers of the United Kingdom" shall be deemed to include those of territories under the sovereignty, suzerainty, protection or mandate of the United Kingdom.

(e) Notwithstanding the termination of the Agreement between the Government of the United Kingdom and the Government of the United States of America relating to air services between their respective territories, signed at Bermuda on February 11, 1946, its provisions and those of its Annex shall continue to apply to any traffic rights which United States air carriers may thereafter exercise at any of the Bases referred to in Article I of these Heads of Agreement until such time as the Contracting Parties may otherwise agree; provided that the Government of the United States shall have the right at any time after fifteen years from the date on which the Agreement referred to in Article XII of these Heads of Agreement becomes effective to give notice of its desire that the provisions of the first mentioned Agreement and its Annex shall cease to apply, on the date specified in the notice but which shall not in any case be less than two years after receipt of such notice, to the traffic rights exercised by its air carriers at any of the Bases referred to above pursuant to that Agreement.

Article IV

Subject to the provisions of Article V hereof, civil aircraft of the United Kingdom (including those of territories under the sovereignty, suzerainty, protection or mandate of the United Kingdom) shall be entitled to use the Bases for non-traffic purposes on terms no less favourable than those enjoyed by United States civil aircraft.

Article V

(a) The United States military authorities will make every reasonable effort to avoid interruption of civil operations at the Bases. It is understood, however, that the United States military authorities have the right for military reasons, on a non-discriminatory basis, to curtail or suspend civil air operations, and, from time to time as may be necessary, to impose restrictions of a temporary or continuing nature on the use of the Bases by civil aircraft.

(b) Subject to requirements dictated by military reasons, no limitation on the use of the Bases by civil aircraft will be prescribed, except those predicated upon safety, or the capacity of a field or its facilities; and any such limitations will be imposed on a proportionate non-discriminatory basis.

(c) The use of the Bases by civil aircraft may likewise on a proportionate non-discriminatory basis be limited, curtailed, suspended, or subjected to such regulation as may be necessary for security reasons by the Colonial

Government concerned. In such event that Government will give timely notice to the United States military authorities.

Article VI

Subject to the provisions of Article VIII (b) hereof, administrative and operational control of the Bases will be exercised by the United States military authorities who may, subject to the provisions of Article VII hereof, delegate the performance of certain services to civilian agencies. Such delegation will be without prejudice to the right of the United States military authorities to resume the performance of such services at any time and without delay.

Article VII

Airport tower control and approach control will be operated by or under the direction of the United States military authorities. The responsibility for area control will be reviewed in the light of the studies and recommendations of the Route Service Organisation Conference of the Provisional International Civil Aviation Organisation, or its successor.

Article VIII

(a) Discussions shall be held between the two Governments with a view to making arrangements for the provision of necessary facilities, supplies and services to civil air carriers using the Bases, and the Agreement to be concluded pursuant to these Heads of Agreement shall contain provisions defining such arrangements and shall not enter into force until such arrangements have been made.

(b) At each of the Bases where suitable land is not conveniently adjacent thereto for the provision of necessary civil airport facilities, supplies and services and for the erection of buildings for customs, immigration, quarantine and other similar matters of Colonial or United Kingdom national interest, the United States military authorities will, if this is possible without conflict with military requirements, designate an appropriate area within the boundaries of the Base for such purposes. Except as otherwise specifically provided in these Heads of Agreement, the provision of the above facilities, supplies and services and the conduct of the matters mentioned above within the area so designated will be under the control and jurisdiction of the Colonial Government in the same manner and to the same extent as they would be if they were provided or conducted in an area outside of the leased area but shall be without prejudice to the right of the United States military authorities to resume complete and unrestricted control and use of the designated area and its facilities should this prove to be necessary for military reasons of overriding necessity. The terms and conditions under which such area will be made available will be as approved by the Government of the United States after consultation between the two Governments.

(c) In connection with fire protection, sanitation and other matters affecting the military security of the Bases, the United States military authorities shall have the right, in collaboration with or after prior notice to the

local Colonial authorities in the territory concerned, to enter upon and to inspect any buildings or other facilities and services erected or provided in any area designated under paragraph (b) of this Article for the purpose of satisfying themselves that adequate precautionary measures are taken in the matters referred to above. If the United States military authorities consider that the precautionary measures taken are not adequate they shall have the right, in consultation with the Colonial authorities concerned, or, in cases where military reasons so require, on their own initiative, to supplement these measures to the extent considered necessary. With respect to terminal and other facilities contiguous to the Base area, the location, type, size, hazards to safe operation of aircraft, sanitation, etc., will be subject to consultation between the appropriate local authorities and, as required, between the two Governments for the purpose of safeguarding the military use of the Base.

(d) Civil aircraft using one of the Bases referred to in Article I (a) hereof shall load and unload persons, mail and cargo only within the area (which shall be either the area referred to in paragraph (b) of this Article or outside the leased area), designated for that purpose by the Colonial Government concerned.

Article IX

The scale of fees to be charged for the civil use of the Bases and for facilities, supplies and services to civil aircraft using the Bases, will be subject to consultation between the local United States military authorities and the local Colonial authorities and, as required, between the two Governments. The terms and conditions of any sub-lease by a Colonial Government to a civil air carrier for terminal and other facilities located within the Base area and the location, type, size and other pertinent details of the terminal and other facilities shall be subject to the approval of the United States military authorities.

Article X

Should the Government of the United States elect for military reasons to place one or more of the Bases on a caretaker basis:

(a) The Government of the United States will have no further responsibility for maintaining that Base in operational condition for civil use; provided that timely notice of intention to place on a caretaker basis is given to the Government of the United Kingdom.

(b) The Government of the United Kingdom or the Colonial Government concerned will have the right to maintain the Base for civil use; provided that the Government of the United States at any future time within the term of the Bases Agreement and upon appropriate notice will have the right to resume the maintenance and operational control of the said Base.

Article XI

(a) Nothing in these Heads of Agreement will be deemed to constitute a limitation or an abrogation of (1) any of the rights or privileges accorded to the Government of the United States by the provisions of the Bases Agreement, or (2) the sovereign rights of the Colonial Governments concerned.

(b) The two Governments will consult together to decide what amendments, if any, to the Bases Agreement will be necessary in the light of these Heads of Agreement.

Article XII

(a) The two Governments will consult together and prepare an Agreement giving effect to the terms herein contained. Such Agreement will become effective on signature on behalf of the respective Governments and shall continue in effect indefinitely but either of the Governments may, at any time after the Agreement has been in effect for fifteen years, give to the other notice of termination and in such event, the Agreement shall cease to be effective twenty-four calendar months after the date of receipt of such notice.

(b) The two Governments hereby agree that while the Agreement continues in effect, they will consult together not less than once in every five calendar years with a view to reviewing the operation of the Agreement and agreeing upon any modifications that may be desired.

(c) The initialling of this document shall not indicate that a contract has been concluded. This document is the agreed basis of and subject to the preparation of a formal contract. In the preparation of the formal contract any outstanding points, more particularly the points arising on Articles VIII and XI, will be resolved.

UNITED STATES

Ad referendum
Subject to reservation set out in letter of even date from Chairman of United States Delegation to Chairman of United Kingdom Delegation

G.P.B.
L.S.K.
G.N.

UNITED KINGDOM

Ad referendum
Subject to reservation set out in letter of even date from Chairman of United Kingdom Delegation to Chairman of United States Delegation

A.H.S.
W.J.B.
W.P.H.

February 11, 1946

DELEGATION OF THE UNITED STATES OF AMERICA,

Bermuda. February 11, 1946.

MY DEAR SIR HENRY,

In initialling to-day the Heads of Agreement with respect to the use of the 99-year leased bases by civil aircraft, I wish to confirm by this letter the oral reservation which I have heretofore made on behalf of the United States. Final approval and signature by the United States of the Agreement to open any of the 99-year leased bases to civil aircraft is contingent on reaching satisfactory agreement with the Governments of Newfoundland and Canada regarding the use by civil aircraft of airfields in Newfoundland and Labrador, namely Goose, Gander, Harmon and Argentina.

I am, my dear Sir Henry,

Very sincerely yours,

GEORGE P. BAKER

Chairman, United States Delegation.

SIR HENRY SELF, K. C. M. G., K. B. E., C. B.,

Chairman, United Kingdom Delegation.

Bermuda, February 11, 1946

MY DEAR MR. BAKER,

You will recall that on February 9 I informed you that the United Kingdom Government wished a reservation to be made at the time of the initialling of the Heads of Agreement Relating to the civil use of the Base airfields, and that they wished Articles VIII and XI to be specifically referred to in this reservation as both of these Articles provide for discussions on outstanding points. We have since heard from London that the amendments which we have agreed upon in Article III of the Heads of Agreement do not entirely resolve the doubts felt in London in regard to the commitments already entered into by the United Kingdom Government granting traffic rights to Canadian air services operating through Bermuda. I therefore take this opportunity of letting you know that the United Kingdom Government will wish to discuss this question with the United States Government at a later stage.

Very sincerely yours,

A. H. SELF

Mr. GEORGE P. BAKER,
Chairman, United States Delegation,
Civil Aviation Conference,
Bermuda.

REPORT ON THE BASES DISCUSSIONS

The discussions on the Bases were conducted by a Committee under the Chairmanship of Mr. Garrison Norton (United States) and composed as follows:

U.S.	U.K.
<i>Delegates:</i>	<i>Delegates:</i>
John D. Hickerson	W. J. Bigg
John Sherman	N. J. A. Cheetham
	P. G. Masefield
	L. J. Dunnett
	P. G. Masefield

The Congress

Organization of the Congress: Report of the Joint Committee on the Organization of Congress, Congress of the United States, pursuant to H. Con. Res. 18, March 4, 1946. S. Rept. 1011, 79th Cong. v, 35 pp.

Postwar Economic Policy and Planning: Ninth Report of the House Special Committee on Postwar Economic Policy and Planning, pursuant to H. Res. 60, A Resolution Authorizing the Continuation of the Special Committee on Postwar Economic Policy and Planning; The Use of

Advisers:

Colonel S. E. Gates
W. John Kenney
Major General L. S. Kuter
Vice-Admiral F. P. Sherman

Consultant:

John Leslie

Advisers:

M. E. Bathurst
F. Kennedy

There is submitted herewith a draft of Heads of Agreement which has been agreed on with a view to the preparation and conclusion of an agreement between the two Governments.

It is recommended that the Bases Agreement of 1941, and particularly Articles IV, VI, IX, XII, XIII, XIV, XVI, and XVII, be examined with a view to determining how far they should apply, if at all, in relation to the use of the Bases for civil purposes. It is the intention that United States mail originating at United States Post Offices established in the Bases under Article XVI of the Bases Agreement should be included in the arrangement mentioned in paragraph (a) of Article III of these Heads of Agreement.

It is also recommended that examination be made of the applicability of Colonial laws and regulations to the commercial transactions which may be conducted on the Bases.

The above report was approved at the Final Plenary Session of the Bermuda Civil Aviation Conference February 11, 1946.

For the United Kingdom Delegation
A.H.S.

For the United States Delegation
G.P.B.

Wartime Controls During the Transitional Period. H. Rept. 1677, 79th Cong. Part 1, iv, 113 pp. Part 2—Appendixes, iii, 65 pp.

Foreign Educational Benefits and Surplus Property: Report of the Committee on Military Affairs. S. Rept. 1039, 79th Cong., To accompany S. 1636. ii, 11 pp. [Favorable report.]

Corrigendum

In the BULLETIN of March 24, 1946, page 472, line 12—for First session, London, April 8—, 1946 read First meeting, June or July, 1946.